MITSUBISHI MOTORS CORPORATION

ANNUAL REPORT 2015
Year ended March 31, 2015

Realizing Sustainable Growth and Enhanced Corporate Value

Drive@earth

MITSUBISHI MOTORS

Mitsubishi Motors Corporate Philosophy

"We are committed to providing the utmost driving pleasure and safety for our valued customers and our community. On these commitments we will never compromise. This is the Mitsubishi Motors way."

Customer-centric approach

Mitsubishi Motors will give the highest priority to satisfying its customers, and by doing so, become a company that enjoys the trust and confidence of the community at large. To this end, Mitsubishi Motors will strive its utmost to tackle environmental issues, to raise the level of passenger and road safety and to address other issues of concern to car owners and the general public.

A clear direction for the development and manufacturing of Mitsubishi Motors vehicles

The cars that Mitsubishi Motors will manufacture will embody two major concepts: driving pleasure and safety. Mitsubishi Motors will manufacture cars that deliver superior driving performance and superior levels of safety and durability, and as such, those who use them will enjoy peace of mind.

Going the extra mile

Mitsubishi Motors will pay close attention to even the smallest details in the belief that this approach will lead customers to discover new value in their cars, giving them a richer and more rewarding driving experience.

Importance of continuity

Mitsubishi Motors will continue to manufacture distinctive cars with the passion and conviction to overcome all challenges.

Drive@earth

Drive@earth means that automobiles connect us to the world. Through trust, Mitsubishi vehicles forge a connection to customers, to communities and ultimately to the natural world around us. Drive@earth also means a new emphasis on environmental issues. It is the simple recognition that no enterprise makes sense without the context of a healthy planet, and that automakers have a special responsibility in this regard. MMC sets as its ideal the synergy between dynamic and environmental performance, and will continue to develop technologies that show as much care for the environment outside as for the occupants within its vehicles.

Contents

Forward-looking Statements

This annual report contains forward-looking statements about Mitsubishi Motors Corporation's plans, strategies, beliefs and performance. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which Mitsubishi Motors Corporation operates, as well as management's beliefs and assumptions. These expectations, estimates, forecasts and projections are subject to a number of risks and uncertainties that may cause actual results to differ materially from those projected. Mitsubishi Motors Corporation, therefore, cautions readers not to place undue reliance on forward-looking statements. Furthermore, Mitsubishi Motors Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

We are moving to a new stage of growth under our mid-term business plan, "New Stage 2016."

In New Stage 2016, our new mid-term business plan for the three years through fiscal 2016, we have defined six key principles to propel ourselves onto a new growth stage based on the business foundations we reinforced during the period of our Jump 2013 plan. We have begun undertaking initiatives under this new plan.

During fiscal 2014, the plan's first year, we worked toward achieving sustainable growth and enhanced corporate value. As a result of our efforts, Mitsubishi Motors posted record highs in all income categories.

Key Principles of New Stage 2016

1. Revenue growth by launching strategic models
2. Development of next-generation technology
3. Growth strategy based on emerging markets and profit improvements in mature markets
4. Restructuring of the operating structure
5. Growth investments for establishing a stable business foundation
6. Actions for quality improvement

Business Plan and Operating Performance >>

Step Up 2010

Building the foundations for growth: Bolstering our strengths, securing steady profits

(Billions of yen, thousands of units)

Fiscal years:		2008	2009	2010
Sales Volume (Retail sales)	(Previous calculation method)*	1,066	960	1,105
	(New calculation method)*	—	—	987
Net Sales		¥1,973.6	¥1,445.6	¥1,828.5
Operating Income		3.9	13.9	40.3
Net Income (Loss)		(54.9)	4.8	15.6
Forex Rates	Yen/US$1	101	92	85
	Yen/€1	144	130	113

Yen appreciation

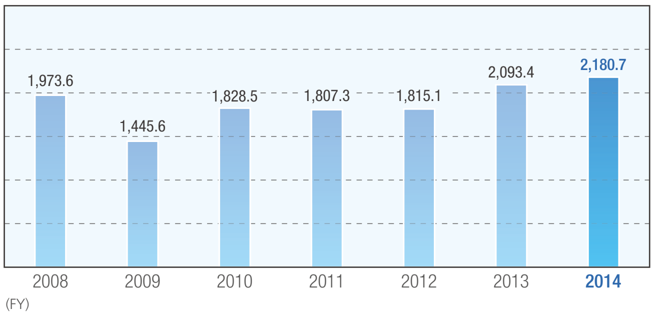
Global Financial Crisis

Maintained operating income amid the global financial crisis

* The "previous calculation method" included retail units designed by MMC and sold by other manufacturers under a their brand name which provided royalty income. The "new calculation method" initiated in fiscal 2011 includes only MMC-branded units.

Net Sales

(Billions of yen)

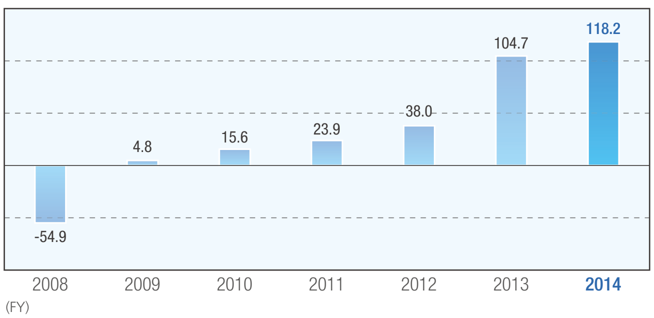


Operating Income

(Billions of yen)

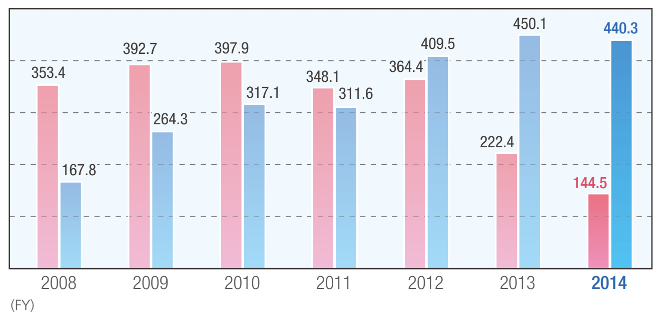
Net Income (Loss)

(Billions of yen)



Interest-Bearing Debt Cash and Deposits

(Billions of yen)



Jump 2013

Growth and leap forward: Concentrating business resources in emerging markets and environmental initiatives, reforming the cost structure

New Stage 2016

Realizing Sustainable Growth and Enhanced Corporate Value

	2011	2012	2013	2014	Numerical Targets for Fiscal 2016
	—	—	—	—	—
	1,001	987	1,047	1,090	1,150
	¥1,807.3	¥1,815.1	¥2,093.4	¥2,180.7	¥2,350.0
	63.7	67.4	123.4	135.9	140.0
	23.9	38.0	104.7	118.2	Profit attributable to owners of parent —
	79	82	100	109	(Assumptions) 117
	111	105	134	139	(Assumptions) 127

(Numerical targets for fiscal 2016 were updated in April 2015.)

Great East Japan Earthquake

Flooding in Thailand

Reached historic highs in operating income and net income despite the severe operating environment

Entering a new stage of growth

To realize sustainable growth and enhanced corporate value, we will work to steadily meet the growing global need for eco-car and safety technologies and steadily increasing sales due to medium- to long-term growth in Asian markets.

O. Masuko

Osamu Masuko
Chairman of the Board, CEO

T. Aikawa

Tetsuro Aikawa
President, COO

Mitsubishi Motors launched diverse initiatives in fiscal 2014 aimed at achieving sustainable growth and enhanced corporate value.

Among key efforts on the production front, in January 2015 we commenced operations at a new plant in the Philippines with a production capacity of 50,000 vehicles per year. In Indonesia, we held a groundbreaking ceremony for a new plant that is slated to begin operating in April 2017 with an annual production capacity of 160,000 units. Although some countries are currently experiencing lackluster demand, overall we believe automobile demand will grow substantially in the ASEAN market over the medium to long term, due to population growth, rising income levels and ongoing motorization. These new plants will play an important role as principal production bases in the ASEAN region, augmenting current operations at our plant in Thailand.

On the product front, we began selling the new *Triton* pickup truck, produced in Thailand. Following the November 2014 launch in Thailand, we plan to export the model to around 150 countries. For the *Outlander PHEV*, in addition to favorable performance in Japan, sales were up significantly in Europe, supported by a high level of environmental awareness and expanded government subsidy schemes. Performance was particularly strong in the United Kingdom, where the model's product characteristics were highly rated, and sales volume amounted to 10,000 units for the year.

Turning to partnerships, in September 2014 we signed a memorandum of understanding with Fiat Group Automobiles concerning supply of a vehicle based on the *Triton*. MMC also concluded an agreement with Chrysler Mexico for OEM supply of the *Attrage*, a global compact sedan, and shipments commenced in November 2014. These are two examples of the collaborative win–win tie-ups the Company is promoting.

We undertook quality-related initiatives as well. As one aspect of our efforts to ensure that our vehicles are at the industry's top level across all quality categories, we set quality targets in April 2013. We have also defined quantitative targets on new models launched during and after 2014, and we follow up on their status each month. This approach has led to major improvements.

To achieve thorough selection and concentration concerning our regions and products going forward, we will continue to undertake measures aimed at propelling ourselves to a new stage of growth.

We posted record earnings, thanks to higher sales in Western Europe, North Asia and the United States. In fiscal 2015, we aim to boost sales volume, particularly in Asia.

Overview of the First Year of New Stage 2016

In addition to higher sales, in fiscal 2014 we achieved record-high levels of operating income, net income and all other income categories. I think this performance demonstrates that we have made steady steps toward transforming Mitsubishi Motors into a growth company.

Sales volume (retail) amounted to 1.09 million units, up 43,000 units from the preceding fiscal year. Contributing to this result were the transition to robust sales of the *Outlander PHEV* in Western Europe; increased sales in North Asia, centered on GAC Mitsubishi Motors Co., Ltd.; and favorable performance in North America, which continues to enjoy economic recovery.

As a result, net sales expanded 4% year on year, to ¥2,180.7 billion. Operating income rose 10%, to ¥135.9 billion, thanks to efforts to curtail costs and the positive impact of exchange rates, and net income grew 13%, to ¥118.2 billion. Our operating income ratio, a strong indicator of profitability, increased 0.3 percentage point, to 6.2%. I see this improvement as an indicator of our success in a number of initiatives, including cost reductions.

In terms of dividends, after reviewing our cash flow conditions and performance outlook for the full fiscal year and taking into overall consideration the balance between executing our growth strategy and strengthening our financial base, we awarded dividends for the year of ¥16 per share. This figure includes a year-end dividend of ¥8.5 and an interim dividend of ¥7.5.

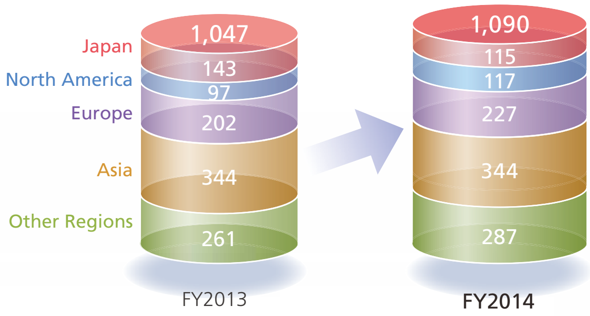
Tetsuro Aikawa
President, COO

Fiscal 2014 Highlights

- Sales volume (retail) increased by 43,000 units, to 1.09 million units.
- Net sales grew ¥87.3 billion year on year, to ¥2,180.7 billion.
- Operating income rose ¥12.5 billion, to ¥135.9 billion.
- Net income expanded ¥13.5 billion, to ¥118.2 billion.

We posted record profits, thanks to higher sales volumes in Western Europe, North Asia and the United States.

Sales Volume (Retail) by Region (Thousands of units)



Operating Performance

(Billions of yen)

	FY2013	FY2014	Change
Sales Volume (Retail sales) (Thousands of units)	1,047	1,090	4%
Net Sales	2,093.4	2,180.7	4%
Operating Income	123.4	135.9	10%
Net Income	104.7	118.2	13%

Future Initiatives Targeting Sustainable Growth and Enhanced Corporate Value

Mitsubishi Motors recognizes that effectively meeting the growing global demand for vehicles with eco-car and safety technologies are essential to its goals of sustainable growth and enhanced corporate value.

Specific efforts on the eco-car front were such forward-looking initiatives as our 2009 launch of the *i-MiEV*, the world's first mass-produced electric vehicle, followed by the 2013 introduction of the *Outlander PHEV*, a plug-in hybrid electric vehicle. To bolster product competiveness still further, in June 2015 we introduced the new *Outlander PHEV*. While remaining a premium vehicle, this model features substantially improved SUV-like dynamic and robust design.

In safety technologies, we steadily expanded the number of vehicles equipped with "e-Assist." This combination of advanced technologies includes an adaptive cruise control based system that automatically maintains a certain distance with the vehicle in front, a forward collision mitigation system and a lane departure warning system. At present, these eco-car and safety technologies are aimed primarily at mature markets, but we recognize that the emerging markets of today are the mature markets of tomorrow. As the motorization of these markets continues, we expect demand for these technologies to grow in emerging markets, as well.

To achieve medium- to long-term growth in ASEAN and other emerging markets, we have a pressing need for initiatives that will boost sales. Although demand is currently lackluster in some of these countries, such as Thailand and Indonesia, we anticipate major expansion in automobile demand over the medium to long term in ASEAN and other Asian markets as populations increase, income levels rise and the move toward motorization continues. Following the November 2014 launch of the new *Triton*, which enjoys a strong brand position in this region, we introduced the new *Pajero Sport* SUV in August 2015. We aim to bolster stales within this model, a strategic

New *Outlander PHEV*

product that leverages Mitsubishi Motors' strength in the pickup truck/SUV category. Mitsubishi Motors' history in Thailand and the Philippines dates back more than 50 years, and we have been operating in Indonesia for more than 40 years. Even so, we recognize the need to fortify our business foundation even further. In addition to these countries, we are setting up a production system in China and working to reinforce our sales systems in surrounding countries, as well.

Furthermore, we are stepping up our efforts to provide vehicles that are more attractive on the design front. In March 2015, at the Geneva Motor Show we unveiled a compact SUV concept car that employs a new front face design concept. By carrying forward the *Pajero*'s protective shaping on the bumper side and form of the skid guards below the bumper, this vehicle expresses its dynamic and robust functionality in protecting both the car and the people inside. Going forward, we intend to deploy this concept consistently across our designs. To support this system, we have opened a new design studio in Europe. Located in Frankfurt, the new design studio will compete with our two design studios in Japan to create global designs that are distinctively Mitsubishi Motors.

New *Triton*

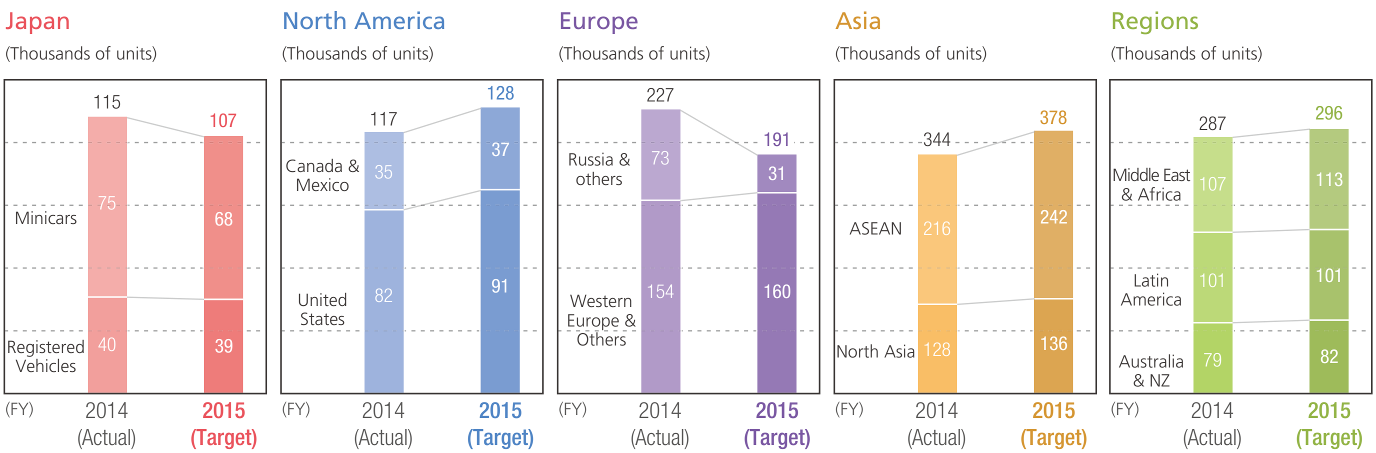
New *Pajero Sport*

Forecasts for Fiscal 2015

In fiscal 2015, we expect to increase our sales volume in the ASEAN region by 26,000 units against fiscal 2014 levels, buoyed by the introduction of the new *Pajero Sport* and a full year of sales of the new *Triton*, which we launched in fiscal 2014. We also anticipate ongoing growth in overall demand in North Asia, helping to augment sales volume for Asia as a whole by 34,000 units, or 10%, to 378,000 units. In Europe, we expect sales in Russia to remain sluggish in fiscal 2015, due to the substantial worsening of economic conditions in that country. In Western Europe, on the other hand, we look forward to an increase led by the introduction of the new *Triton*. For Europe as a whole, we believe sales volume will fall year on year by 36,000 units, or 16%, to 191,000 units. In North America, in the first half we will launch the new *Outlander*, achieving a solid increase in product competitiveness. Helped by these sales, we anticipate sales volume in North America of 128,000 units, up 11,000 units, or 9%. We forecast a decline in overall demand in Japan for fiscal 2015, resulting in a decline of 8,000 units, or 7% from the fiscal 2014 figure, to 107,000 units. In other regions, we look to a year-on-year increase of 9,000 units, or 3%, to 296,000 units. Summing up our forecasts for all regions, in fiscal 2015 we expect sales volume to amount to 1.1 million units, up 10,000 units, or 1%.

Based on these sales volume forecasts, for fiscal 2015 we expect to generate net sales of ¥2,280.0 billion, operating income of ¥125.0 billion and profit attributable to owners of parent of ¥100.0 billion.

Regional Sales Volume (Retail)



Operating Performance and Forecast

(Billions of yen, thousands of units)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Forecast)
Sales Volume (Retail)	1,047	1,090	**1,100**
Net Sales	2,093.4	2,180.7	**2,280.0**
Operating Income	123.4	135.9	**125.0**
Operating Income Ratio	5.9%	6.2%	**5.5%**
Net Income*	104.7	118.2	**100.0**
Net Income Ratio	5.0%	5.4%	**4.4%**

* "Profit attributable to owners of parent" in fiscal 2015.

We are proactively making focused investments in emerging markets, on enhancing product attractiveness and environmental initiatives.

Yutaka Tabata
Managing Director, Head Officer of the Headquarters,
Corporate Planning & Finance Group Headquarters

In fiscal 2014, Mitsubishi Motors generated approximately ¥180.0 billion in cash flow from operating activities. This high level was thanks to the Company's highest levels of profits to date.

First of all, we will apply this cash toward investments to realize sustainable growth and enhanced corporate value through initiatives to reinforce and expand our business foundation. In fiscal 2014, we channeled capital expenditures of approximately ¥70.0 billion to Thailand, to augment and update production facilities and in relation to new products, including a new model launch.

From fiscal 2015, we plan to increase capital expenditures by around ¥100.0 billion per year. These funds will go toward new products and reinforcing our production and sales structures in emerging markets. In addition, we will invest in new test research facilities for the development of future technologies, such as a test course in Thailand and an environmental test building in Japan.

Separately from the capital expenditures mentioned above, we have embarked on the construction of a new plant in Indonesia as part of our emerging market strategy. Over the next two years, we expect to invest approximately ¥30.0 billion for this plant.

In fiscal 2014, our R&D expenditures amounted to around ¥75.0 billion. As the upfront development of various core technologies, including eco-car and safety technologies, has become of increasing importance in new-car development, we will expand our initiatives in this area.

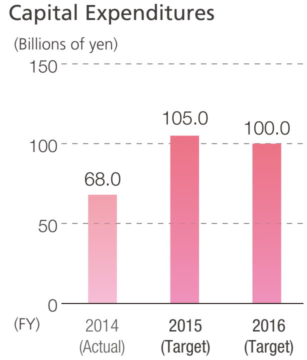
Financially, we are strengthening shareholders' equity and curtailing interest-bearing debt. As a result, as of March 31, 2015, our shareholders' equity ratio was 41.6%, an improvement from the 35.0% recorded a year earlier. As the automobile industry is susceptible to exchange rate fluctuations as well as the external environment, we will continue working to strengthen our financial base and are targeting a shareholders' equity ratio of 50%.

We recognize the return of profits to shareholders as one of our topmost management priorities going forward. In fiscal 2014, we did not award a special dividend commemorating our resumption of dividends as we had in the preceding fiscal year, but we raised the regular dividend by ¥1 per share, to ¥16.

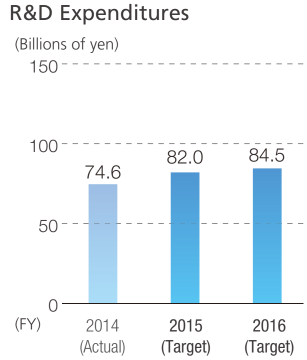
The Company has made the stable return of profits to shareholders one of its key principles going forward. Accordingly, we will consider expanding dividend levels further, while taking into overall account such factors as cash flow, operating performance trends, the status of growth strategy implementation and the need to reinforce our financial base.

Maintaining and Increasing Investment in Line with Our Growth Strategy

Capital Expenditures



R&D Expenditures



New test course at Mitsubishi Motors (Thailand)

Groundbreaking ceremony at our new plant in Indonesia

Special Feature: Accelerating Growth through the Introduction of Attractive New Products

We commenced sales of the new *Triton*, developed to be the ultimate sport utility truck. We will roll out this model globally, and have plans in place to export it to some 150 countries.

New *Triton* launch ceremony (Thailand)

Laem Chabang Plant
Mitsubishi Motors' largest production facility, this plant has produced more than 3.5 million vehicles, including 2.5 million for export, and is steadily developing into a global production base.

In November 2014, the *Triton*, a one-ton pickup truck produced at the Laem Chabang Plant of Mitsubishi Motors (Thailand) (MMTh), our sales and production company in Thailand, underwent a full model change for the first time in nine years, and we began selling this model in Thailand. We plan to export this model to approximately 150 countries in the ASEAN region, Oceania, the Middle East, Europe, Africa, and Central and South America.

The new *Triton* offers enhanced functionality and reliability as a working vehicle. At the same time, it was developed to be the "ultimate sport utility truck," offering ride comfort on a par with a passenger car. Designwise, the new model's styling is sleek, muscular and dynamic, with generous interior space, ample payload capacity and handling at the top of its class. The new *Triton* achieves high levels of safety performance through its durable and sturdy chassis and frame structures, along with our own RISE*1 impact safety body. The all-new *Triton* also delivers cabin quietness and ride comfort on a par with a passenger car thanks to a new diesel engine, the strategic placement of sound insulation, absorption and vibration-damping materials and optimization of the suspension.

A newly developed 2.4L MIVEC*2 turbo diesel engine provides environmental and motive performance among the best in its class, joining improved versions of the well-proven 2.5L diesel engine and 2.4L gasoline engine in a three-engine lineup. The all-new *Triton* accommodates the varying needs and requirements of consumers, everything from commercial to private use as cab type, engine, drivetrain and functional equipment specifications will be optimized for each region it is to be sold in.

4N15-type 2.4L MIVEC
Turbo diesel engine

*1 Reinforced Impact Safety Evolution
*2 Mitsubishi Innovative Valve timing Electronic Control system

We are focusing on the introduction of global strategic products, the new *Outlander PHEV*/new *Outlander*. Starting with Japan, we will roll out these products sequentially across global markets.

North American new *Outlander*

Power output is supplied from the drive battery via a plug on the vehicle, providing a 100V AC power supply (1,500W) when out and about or in times of emergency.
(Factory option, except on the G Premium Package)

Mitsubishi Motors introduced the new *Outlander* in June 2015 in Japan, followed by the new *Outlander PHEV* in July. In addition to significantly modified exterior design, both new models offer upgraded interior quality and have undergone improvements to the body, chassis and powertrain to deliver substantially better quietness, acceleration, handling and stability, ride comfort and fuel economy.

In terms of environmental performance, the new *Outlander PHEV* offers optimized plug-in hybrid EV system control and reduced engine friction to achieve a hybrid fuel economy (JC08 drive mode) improvement of 1.6km/L, boosting performance to 20.2km/L. Furthermore, enhanced electric motor efficiency extends the plug-in cruising range (JC08 drive mode) by 0.6km, to 60.8km.

Amid the full-fledged acceleration in demand for eco-cars, the new *Outlander PHEV* targets markets with high environmental awareness and where governments have expanded their subsidy schemes. Starting with Japan, we plan to sequentially roll out the model in European countries in fiscal 2015, followed by North America in fiscal 2016. Sales of the new *Outlander* also commenced in Japan, launching in North America in August 2015 and will be gradually introduced globally.

The front face of the *Outlander PHEV*, showing the new "Dynamic Shield" front design concept

We have launched the mid-size SUV *Pajero Sport*, a new-generation model designed as a "stylish and comfortable off-road SUV." We plan to roll out the model to around 90 countries.

New *Pajero Sport*

The interior uses a high console proportion dashboard, as befits a larger SUV, while dynamically styled silver-finish ornamentation and sculpted seats add to its luxurious feel.

Mitsubishi Motors' mid-size SUV, the *Pajero Sport*, made its global debut in August 2015 following a full model change. Sales are scheduled to begin in Thailand in autumn of 2015, gradually expanding to include Australia, the ASEAN region, the Middle East, Africa, Central and South America, Russia and other regions, increasing to a total of around 90 countries.

The new *Pajero Sport* is a new-generation mid-size SUV, a full-feature off-road SUV that brings a refined and sophisticated exterior design, high-quality vehicle performance and a comfortable interior, environmental performance on a par with the best in its class and comprehensive advanced safety features.

In its appearance, the new *Pajero Sport* employs the new "Dynamic Shield" front face design concept, resulting in a high-quality stylish design with both sporty and dynamic elements.

Handling stability, ride and quietness have all been improved through optimization of the suspension and improvements to the body mounts. In addition, the use of a new diesel engine and upgraded sound insulation provide a significant reduction in interior noise and this together with further upgraded comfortable seats and climate control system has achieved an interior space offering a higher level of comfort.

The RISE impact safety body design and a total of seven SRS airbags provide occupants with outstanding passive safety. Active safety features include a Forward Collision Mitigation system, the Blind Spot Warning system and the Ultrasonic misacceleration Mitigation System. In addition the all-new *Pajero Sport* is fitted with many advanced features that go well beyond those normally found in this class, such as an electric parking brake and a Multi-around Monitor.

The new *Pajero Sport* is powered by a 2.4L MIVEC turbo diesel engine. Mated to a new 8-speed automatic transmission newly developed for the *Pajero Sport*, this powertrain returns a 17% improvement in fuel economy over its predecessor.

We aim to achieve sustainable growth through the introduction of strategic products via our global sales network.

Outlander PHEV

North America

(Thousands of units)

	FY2013	FY2014
RVR/ASX/ Outlander Sport	36	41
Lancer	27	26
Mirage/Space Star	8	24
Outlander	21	20
Others	5	6
Total	97	117

Other Regions (Australia, New Zealand, Latin America, Middle East and Africa)

(Thousands of units)

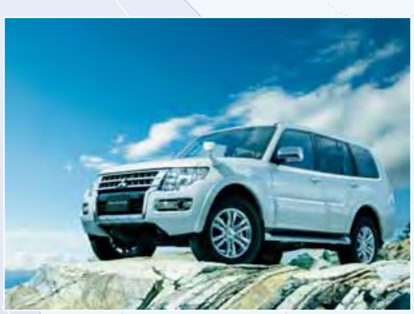
	FY2013	FY2014
Triton/L200	82	94
Lancer	53	54
RVR/ASX	28	33
Pajero	27	32
Others	71	74
Total	261	287

Europe

(Thousands of units)

	FY2013	FY2014
RVR/ASX	57	62
Outlander	51	44
Mirage	20	30
Triton/L200	23	26
Outlander PHEV	11	25
Others	40	40
Total	202	227

Outlander



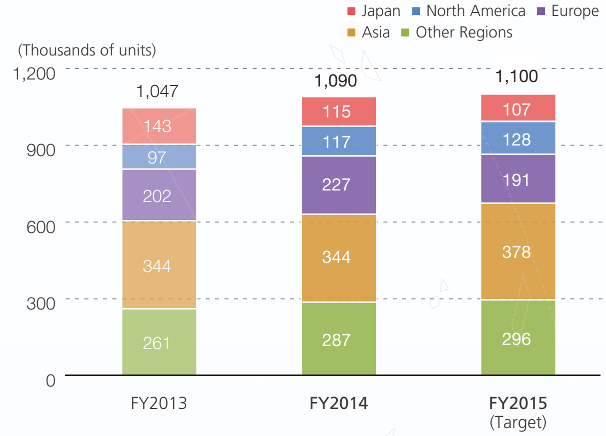
Pajero

Triton/L200

Sales Volume (Retail)

(Thousands of units)

	FY2013	FY2014	FY2015 (Target)
Japan	143	115	107
North America	97	117	128
Europe	202	227	191
Asia	344	344	378
Other Regions	261	287	296
Total	1,047	1,090	1,100



Japan

(Thousands of units)

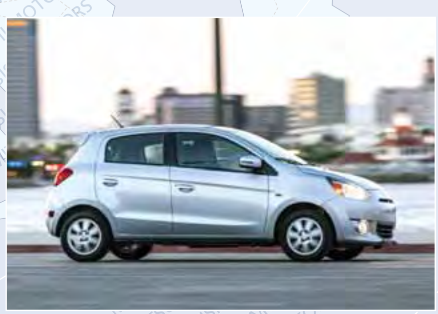
	FY2013	FY2014
Registered Vehicles:		
Delica D:5	14	11
Outlander PHEV	9	9
Delica D:2	7	6
Others	22	14
Subtotal	52	40
Minicars:		
eK Wagon/ek Space	58	58
MINICAB	30	15
Others	3	2
Subtotal	91	75
Total	143	115

Asia

(Thousands of units)

	FY2013	FY2014
RVR/ASX	39	66
Triton/L200	57	50
Pajero Sport	50	44
Colt L300	37	34
Colt T120SS	29	30
Mirage	33	22
Others	99	98
Total	344	344

RVR/ASX/Outlander Sport



Mirage/Space Star

eK Space

We anticipate increased sales, with higher sales volume centered on Asia.

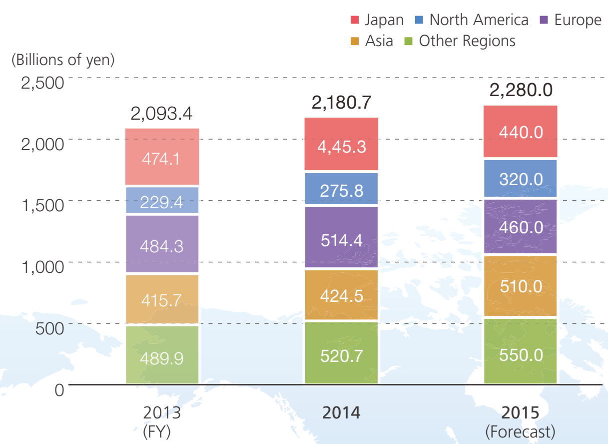
In Japan, fiscal 2014 sales volume (retail) was below fiscal 2013 levels, both for registered vehicles and minicars. Sales were favorable in North America, however, boosted by robust sales of the *Outlander* and the *Mirage*, as the U.S. economy entered a stronger recovery phase. In Europe, sales in Russia slumped due to the country's economic downturn, but in Western Europe sales of the *Outlander PHEV* were positive, boosting sales volume (retail) for the region as a whole. In Asia, sales were sluggish due to a belated demand recovery in Thailand, but favorable sales in China enabled the region to achieve a sales volume on a par with the preceding fiscal year. As a result, sales were up in all geographic regions except Japan. Furthermore, we achieved profitability in all regions, thanks to successful efforts to curtail costs and the positive impact of exchange rates.

In fiscal 2015, we expect overall demand to decrease in Japan. However, we anticipate higher sales in North America due to the new *Outlander*, in Western Europe thanks to the new *Triton*, and in the ASEAN region as a result of the new *Pajero Sport* launch. In addition, we expect sales to rise thanks to higher sales volume, centered on Asia. In terms of income, we will work to adjust our volume and model mix, as well as to reduce raw materials and other costs. However, we expect exchange rates to deliver a major negative impact, and we will boost R&D expenditures with a view to sustainable growth in the future. As a result, we expect income to decline.

Net Sales

(Billions of yen)

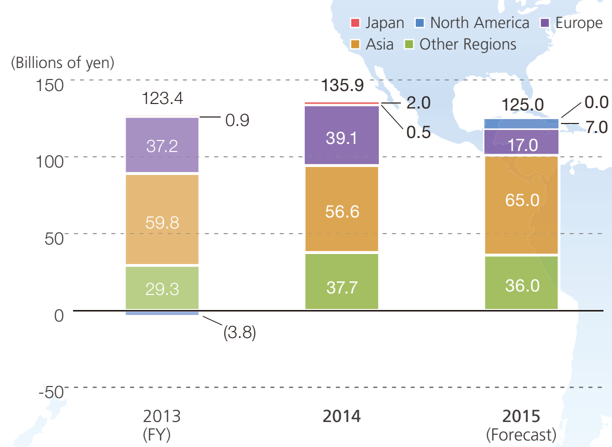
	FY2013	FY2014	FY2015 (Forecast)
Japan	474.1	445.3	440.0
North America	229.4	275.8	320.0
Europe	484.3	514.4	460.0
Asia	415.7	424.5	510.0
Other Regions	489.9	520.7	550.0
Total	2,093.4	2,180.7	2,280.0



Operating Income (Loss)

(Billions of yen)

	FY2013	FY2014	FY2015 (Forecast)
Japan	0.9	2.0	0.0
North America	(3.8)	0.5	7.0
Europe	37.2	39.1	17.0
Asia	59.8	56.6	65.0
Other Regions	29.3	37.7	36.0
Total	123.4	135.9	125.0



Japan

We are aiming to take the lead in benefiting from future changes in the product market by focusing on sales of eco-cars, including electric and clean diesel vehicles.

Performance in fiscal 2014

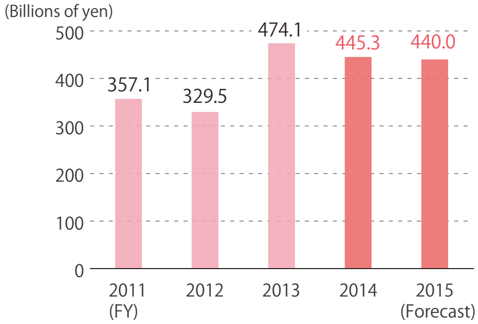
In fiscal 2014, sales volume in the Japanese market was down compared with fiscal 2013 levels for both registered vehicles and minicars. As a result, sales volume dropped by 28,000 units, or 20%, to 115,000 vehicles.

In line with the decline in sales volume, net sales decreased ¥28.8 billion, to ¥445.3 billion. However, through successful efforts to contain costs, operating income increased ¥1.1 billion, to ¥2.0 billion.

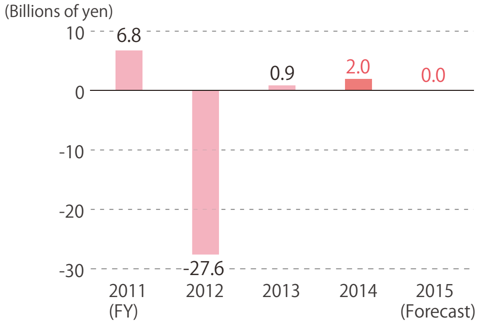
Outlook for fiscal 2015

In fiscal 2015, we expect Japanese market demand to fall compared with fiscal 2014 levels. We forecast a year-on-year decline in sales volume of 8,000 units, or 7%, to 107,000 units. Furthermore, we believe net sales will fall ¥5.3 billion, to ¥440.0 billion, and expect to break even at the operating level, with operating income falling ¥2.0 billion.

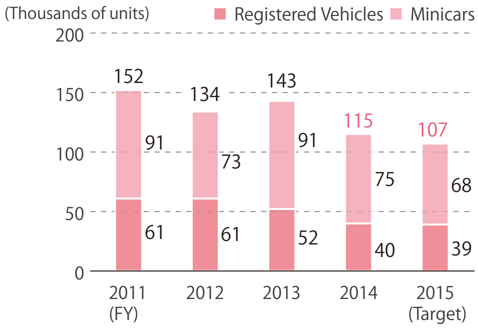
Net Sales



Operating Income (Loss)



Sales Volume (Retail)



Delica D:5

eK Space

North America

We will bolster sales volume, leveraging the effects of the new *Outlander* launch.

Performance in fiscal 2014

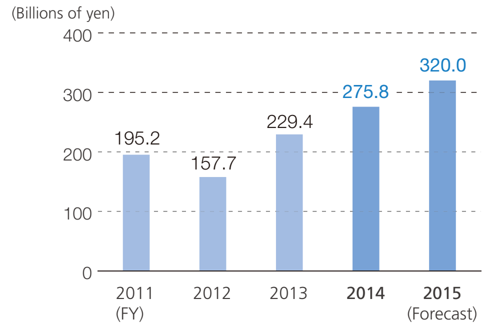
Our sales volume in North America grew 20,000 units, or 21%, in fiscal 2014, to 117,000 units, thanks to favorable sales of the *Outlander Sport* and the *Mirage*, buoyed by a strong U.S. economic recovery.

Net sales grew ¥46.4 billion, to ¥275.8 billion. At the operating level, performance improved from a ¥3.8 billion operating loss in fiscal 2013 to operating income of ¥0.5 billion.

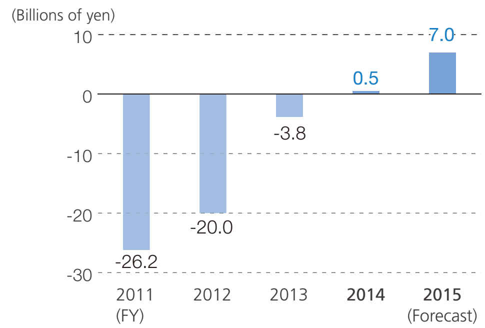
Outlook for fiscal 2015

In North America, we launched the new *Outlander* in August 2015, which should contribute substantially to our product competitiveness. Thanks in part to the impact of the new *Outlander* launch, we expect our sales volume for North America to rise 11,000 units, or 9%, from fiscal 2014, to 128,000 units. We anticipate net sales of ¥320.0 billion, up ¥44.2 billion from fiscal 2014, and operating income of ¥7.0 billion, up ¥6.5 billion.

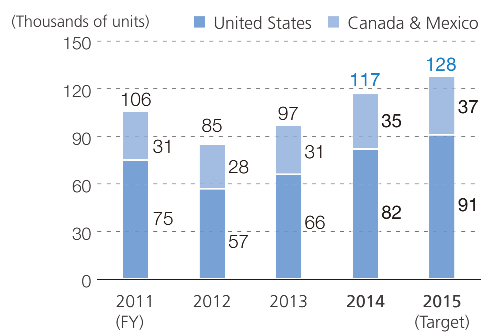
Net Sales



Operating Income (Loss)



Sales Volume (Retail)



New *Outlander*

Outlander Sport

Mirage

Europe

Conditions are likely to remain problematic in Russia, but in Western Europe we anticipate an increase in sales volume thanks to the launch of the new *Triton*.

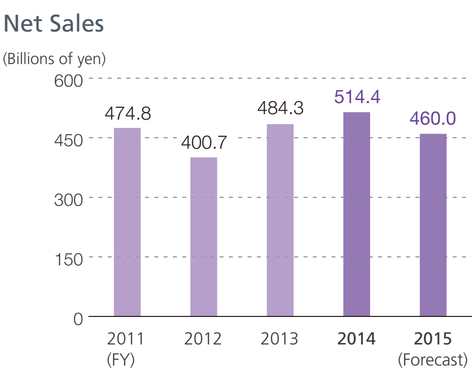
Performance in fiscal 2014

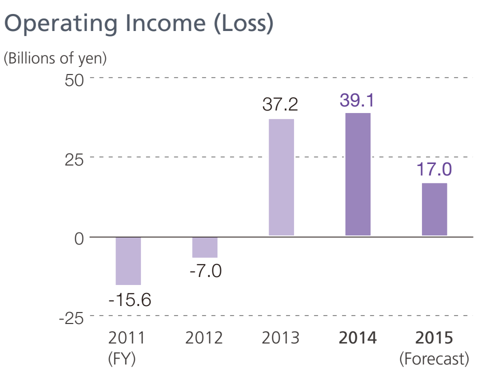
In Europe, sales volume increased 25,000 units, or 13%, to 227,000 units. Although sales volume was down in Russia as a result of a substantial economic downturn, in Western Europe we enjoyed favorable sales of the *Outlander PHEV*, benefiting from high levels of environmental awareness and expanded government subsidy schemes.

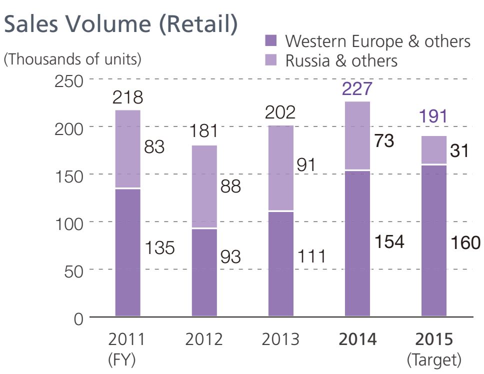
Net sales for the region amounted to ¥514.4 billion, up ¥30.1 billion. Operating income rose ¥1.9 billion, to ¥39.1 billion.

Outlook for fiscal 2015

We expect sales in Russia to remain depressed in fiscal 2015, due to the country's economic slump. In Western Europe, however, we expect the introduction of the new *Triton* to boost results. For Europe as a whole, we forecast a sales volume of 191,000 units, down 36,000 units, or 16%, from the fiscal 2014 level. We expect net sales to fall ¥54.4 billion, to ¥460.0 billion, and operating income to drop ¥22.1 billion, to ¥17.0 billion.







New *Triton*

ASX

New *Outlander PHEV*

Asia

We look forward to increased sales and income, benefiting from rollouts of the new *Pajero Sport* and *Triton*.

Performance in fiscal 2014

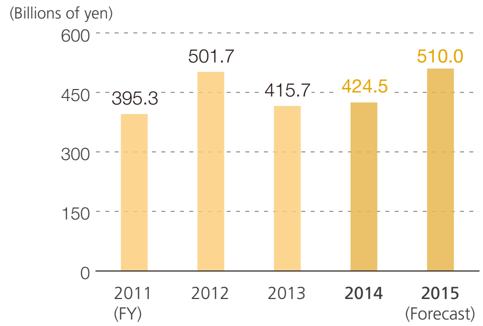
In the ASEAN region, sales volume declined 27,000 units, to 216,000 units. Of this amount, a delayed recovery in overall demand in Thailand was responsible for a year-on-year decrease of 26,000 units, to 59,000 units. Meanwhile, sales volume was up sharply in North Asia, due in large part to GAC Mitsubishi Motors Co., Ltd., in China, with sales volume rising 27,000 units, to 128,000 units. As a result, sales volume for the Asian market as a whole was 344,000 units, on a par with fiscal 2013 levels.

Net sales increased ¥8.8 billion, to ¥424.5 billion. Operating income was down ¥3.2 billion, to ¥56.6 billion.

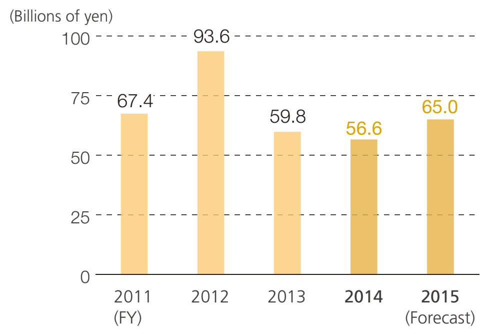
Outlook for fiscal 2015

In fiscal 2015, we expect sales volume in Thailand to remain flat at fiscal 2014 levels but expect the launch of the new *Pajero Sport* and a full year's worth of sales of the new *Triton*, which launched in fiscal 2014, to contribute to results for the ASEAN region as a whole. Accordingly, we forecast a 26,000-unit expansion in sales volume for the ASEAN region. Fueled also by continued overall unit demand growth in North Asia, we expect sales volume for the entire Asian market to grow 34,000 units from fiscal 2014 levels, or 10%, to 378,000 units. We anticipate a rise in net sales of ¥85.5 billion, to ¥510.0 billion, and an increase of ¥8.4 billion in operating income, to ¥65.0 billion.

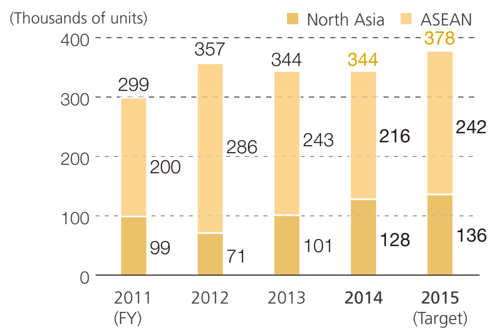
Net Sales



Operating Income



Sales Volume (Retail)




New *Pajero Sport*


ASX


New *Triton*

Other Regions (Australia, New Zealand, Latin America, Middle East and Africa)

Through new product introductions and proactive marketing activities, we aim to steadily augment sales volume.

Performance in fiscal 2014

Our sales volume in other regions during fiscal 2014 was up 26,000 units, or 10%, to 287,000 units, thanks to a transition to favorable sales in the Middle East.

Net sales rose ¥30.8 billion, to ¥520.7 billion. Operating income grew ¥8.4 billion, to ¥37.7 billion, due primarily to increased sales of higher-margin SUVs and pickup trucks in Australia and New Zealand.

Outlook for fiscal 2015

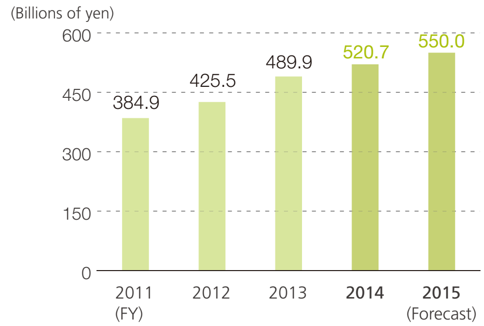
In fiscal 2015, we plan to introduce new models and undertake proactive marketing activities. As a result, we forecast an increase in sales volume of 9,000 units, or 3%, to 296,000 units. We anticipate net sales of ¥550.0 billion, up 29.3 billion, and operating income of ¥36.0 billion, down ¥1.7 billion.

New *Triton/L200*

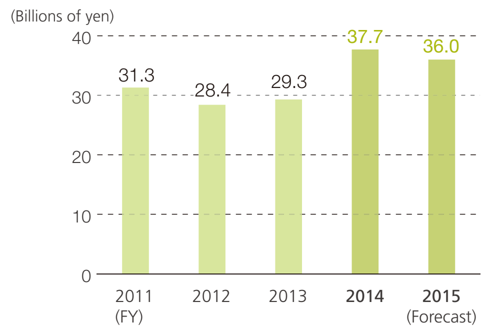
ASX

Pajero/Montero

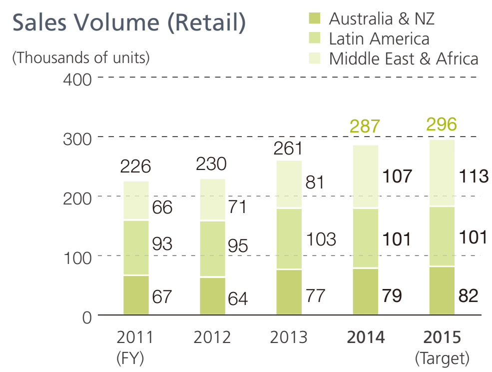
Net Sales



Operating Income



Sales Volume (Retail)



Corporate governance framework
Swift and highly transparent management

Mitsubishi Motors employs the Statutory Auditor System pursuant to the Companies Act of Japan. In addition to mandatory organizations and governance systems, MMC is further improving its corporate governance by adding an executive officer system and the Business Ethics Committee as a Board of Directors advisory committee.

Mitsubishi Motors' Board of Directors is responsible for making decisions concerning important management issues and overseeing execution. To reinforce the supervisory function, the Company appoints outside directors. Outside directors provide supervision and advice on Mitsubishi Motors' management and decision making based on their extensive organizational experience and extensive knowledge about world affairs and social and economic trends.

In addition, the executive officer system clarifies the roles and responsibilities of directors and executive officers. Managing Directors' Meetings, composed of directors and senior executive officers, make speedy decisions in bi-weekly meetings.

Status of statutory audits and internal audits
Verifying the appropriateness and effectiveness of internal management systems on an ongoing basis

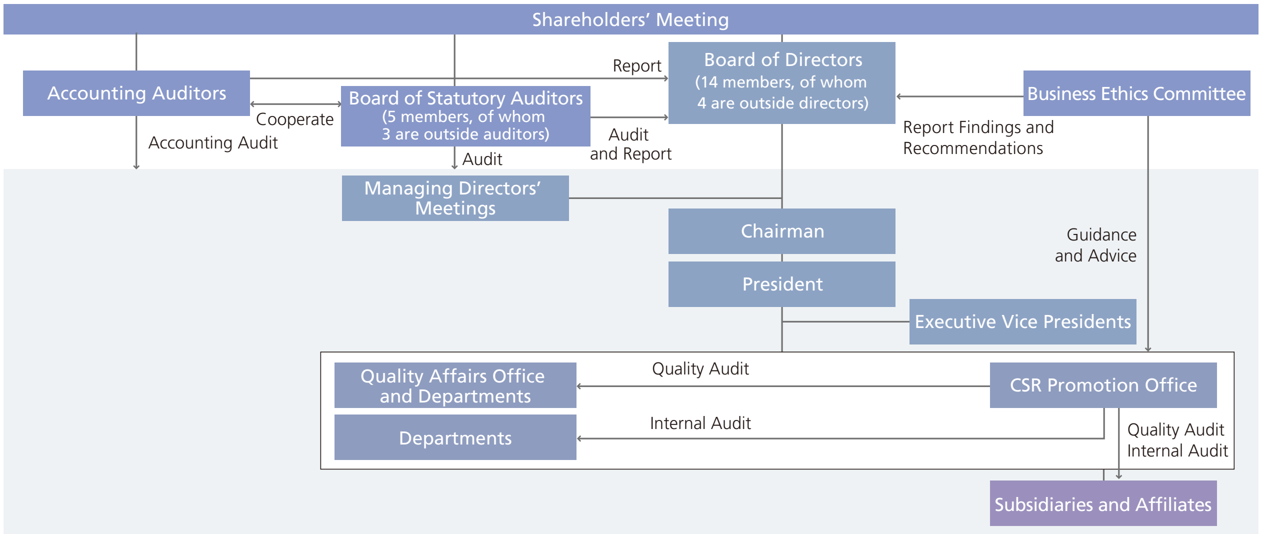
The statutory auditors carry out statutory audits of the Mitsubishi Motors Group by attending important Company meetings, such as Board of Directors meetings, and receiving reports on the status of business activities from directors and other corporate officers. Also, key internal documents and internal audit reports from internal audit divisions, affiliated companies and accounting auditors are reviewed.

In addition to the statutory auditors, within the CSR Promotion Office, Mitsubishi Motors has established the Internal Audit Department and the Quality Audit Department. Both are independent from operating units and conduct internal audits from an objective perspective.

The Internal Audit Department, meanwhile, conducts planned internal audits to ensure appropriate operations management at Mitsubishi Motors and at domestic and overseas affiliated companies. These audits include verifying the appropriateness and effectiveness of internal management systems, including compliance and risk management, and audit results are reported to management at Mitsubishi Motors and affiliated companies. The department also proposes business improvements and monitors the status of their implementation. The department has created internal audit departments at key overseas subsidiaries and dedicated CSR departments at sales subsidiaries in Japan, and is working to enhance groupwide governance in Japan and overseas, and introducing proactive initiatives to reinforce internal controls.

The Quality Audit Department audits the appropriateness of quality-related activities by the Quality Affairs Office and internal departments, proposes improvements and monitors the status of implementation. In fiscal 2014, the department reported audit results to top management 69 times and made two reports to the Business Ethics Committee. The department also exchanges information with the statutory auditors and collaborates on shared issues.

Corporate Governance Framework (As of June 30, 2015)



(As of June 24, 2015)

Members of the Board

Osamu Masuko*
Chairman of the Board, CEO

Tetsuro Aikawa*
President, COO

Hiroshi Harunari*
Executive Vice President
(Overseas Operations)
In Charge of Overseas Operations Group Headquarters A
In Charge of Overseas Operations Group Headquarters B
In Charge of Global After Sales Group Headquarters

Ryugo Nakao*
Executive Vice President
In Charge of Product Projects & Strategy
In Charge of Development

Gayu Uesugi
Executive Vice President
Chairman of the Board, CEO- Mitsubishi Motors North America Inc.

Shuichi Aoto
Managing Director (Cost Innovation)
Chief Business Ethics Officer
Head Officer of the Headquarters CSR, Corporate Affairs, Controlling & Accounting Group Headquarters
In Charge of Procurement

Yutaka Tabata
Managing Director
Head Officer of the Headquarters Corporate Planning & Finance Group Headquarters

Toshihiko Hattori
Head Officer of the Headquarters Domestic Sales Group Headquarters

Seiji Izumisawa
Head Officer of the Headquarters Quality Affairs Group Headquarters

Takeshi Ando
Head Officer of the Headquarters Production Group Headquarters

Mikio Sasaki
Non-Executive Director

Harumi Sakamoto
Non-Executive Director

Syunichi Miyanaga
Non-Executive Director

Takeshi Niinami
Non-Executive Director

* Representative Director

Audit & Supervisory Board Members

Takitaro Fukuda
Audit & Supervisory Board Member (Full-Time)

Yoshikazu Nakamura
Audit & Supervisory Board Member (Full-Time)

Katsunori Nagayasu
Audit & Supervisory Board Member (Outside Statutory Auditor)

Toshimitsu Iwanami
Audit & Supervisory Board Member (Outside Statutory Auditor)

Yaeko Takeoka
Audit & Supervisory Board Member (Outside Statutory Auditor)

Senior Executive Officers

Yoshihiro Kuroi
Corporate General Manager of Corporate Planning Office

Masao Omichi
Chief External and Government Relations Officer
Corporate General Manager of Corporate Affairs Office

Hiroshi Noda
Corporate General Manager of Controlling & Accounting Office

Tetsuya Tamechika
Head Officer of the Headquarters Product Projects & Strategy Group Headquarters

Kanenori Okamoto
Product Executive (C&D-Seg)
Corporate General Manager of E-Mobility Business Office

Takashi Sato
Head Officer of the Headquarters Development Group Headquarters

Yukihiro Hattori
Head Officer of the Headquarters Procurement Group Headquarters

Jo Tsuji
Head Officer of the Headquarters Overseas Operations Group Headquarters A

Hiroo Kurihara
Head Officer of the Headquarters Overseas Operations Group Headquarters B

Morikazu Chokki
President, CEO- Mitsubishi Motors (Thailand) Co., Ltd.

Executive Officers

Yoichi Yokozawa
Vice Corporate General Manager of Corporate Planning Office

Nobuaki Yonezawa
Corporate General Manager of Finance Office

Hitoshi Inada
Chief Environmental Strategy Officer
Corporate General Manager of CSR Promotion Office

Koji Yokomaku
Corporate General Manager of Development Engineering Office

Tsunehiro Kunimoto
Corporate General Manager of Design Office

Takayuki Sue
Plant General Manager of Mizushima Plant

Jun Miura
Corporate General Manager of Quality Affairs Office

Yoichiro Yatabe
Head Officer of the Headquarters Global After Sales Group Headquarters

Tomonori Tanaka
Corporate General Manager of After Sales Office

Eiichi Kataoka
Corporate General Manager of Overseas Business Management Office

Kenichi Horinouchi
Corporate General Manager of Asia & ASEAN Office

Tomoharu Ikeda
Corporate General Manager of Oceania & Latin America Office

Tohru Hashimoto
Vice President and COO - NMKV Co., Ltd.

Fumitaka Tomono
President - GAC Mitsubishi Motors Co., Ltd.

Mitsunori Kitao
Executive Vice President, COO&CQO- Mitsubishi Motors (Thailand) Co., Ltd.

Kazuhiro Notani
Executive Vice President- Mitsubishi Motors (Thailand) Co., Ltd.

Interview with an Outside Director

By continuing to ask questions from a fresh perspective, I hope to play a role in enhancing corporate value by helping to transform the energy MMC has directed toward its revitalization to date into energy that will lead to development, growth and strengthened competitiveness.

Harumi Sakamoto
Non-Executive Director

Ms. Sakamoto was the first woman to join Japan's Ministry of International Trade and Industry. Following such posts as the Head of Policy Planning of the Minister's Secretariat and Chief of the Sapporo Trade and Industry Bureau, she left the ministry in 1987. After that point, Ms. Sakamoto served as Advisor to the Dai-Ichi Kangyo Bank, Ltd.; Executive Vice President of The Seiyu, Ltd.; and Executive Vice President of The Seibu Department Stores, Ltd. She has also served as Secretary General and Vice Chairperson of the Japan Association for the 2005 World Exposition, and Chairman of the Distribution Systems Research Institute. In 2010, she was appointed Chairman of the Japan Facility Management Promotion Association, and in 2012 as the Chairperson of the Japan Facility Management Association. Since 2013, Ms. Sakamoto has also been serving as a Member of the Board of MMC.

Q As you now enter your third term as outside director, what are your thoughts concerning MMC's corporate governance system?

A My joining the Company as an outside director was particularly well-timed, as MMC was going through its period of revitalization. Amid this activity, I was struck by the Board of Directors' energy and the way the board was well structured in terms of scale and members. I believe this solid structure was one reason the Company was able to succeed in its revitalization in spite of a difficult operating environment. The system of statutory auditors and the Company's various committees, including the Business Ethics Committee, are functioning at a high level.

Recently, attention has generally tended to focus on putting in place organizations and systems dictated by corporate governance trends. Personally, I think the essence of true corporate governance is to ensure that a positive state of affairs is in place in every corner of an organization. From this perspective, for a good corporate governance structure I believe it would be ideal for the structure to clearly reflect governance in every corner of a workplace and be evident through employees' loyalty to the Company and high morale. I believe that we are on the cusp of a change, when the energy that to date has been directed toward revitalization is transformed into energy that will help the Company grow, develop and become more competitive. I am pleased to be a part of the Company at this interesting time.

Q As you apply the knowledge you have accumulated to date, what are your ambitions for your role as outside director going forward?

A I have been involved in the management of a variety of companies and other organizations. Looking at these organizations from an outsider's perspective, I have been truly and continuously surprised anew. Things that simply seem a matter of course for people within the organization cause me to ask "Why?" and "For what reason?" My role is to look at situations that those within the organization consider normal and ask questions from a fresh perspective. Asking "Why?" just one more time is an important role for an outside director. Also, in order to carefully monitor the corporate governance system as an outside director, it is important to maintain a stakeholder's perspective.

A second role is to speak a common language with the people in the organization. "Conceptual pattern" might be another way to express this idea. Sometimes the discussions that take place inside a company are based on ideas specific to the organization that cannot be understood by people outside that organization. In cases like these, it is my role as an outside director to understand the organization's concepts, and I consider it important to be able to communicate my opinions in this common language.

A third role is to understand and discuss the corporate culture. Although I think the corporate culture is extremely agreeable and attractive for people within the organization, there are some aspects that are unnerving for people from outside the Company. After understanding the corporate culture, putting issues like these on the table for discussion through actions and words is an important way of airing out an organization. As a result, I believe it is possible to come up with new concepts that had never even occurred before.

I believe the roles of outside directors like myself who have a miscellany of experiences are to be surprised anew, speak the common language and crack open the door to the corporate culture. Ultimately, this should lead to good corporate governance.

Q Finally, what particular themes are you focusing on as outside director?

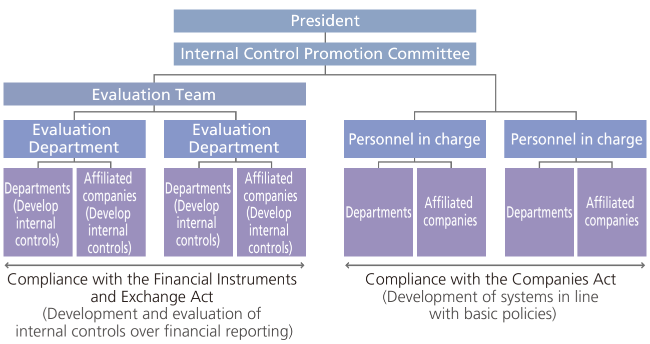
A Mitsubishi Motors' corporate philosophy contains the words "the utmost driving pleasure and safety." This phrase is not about automobiles per se, but expresses how MMC provides satisfaction to the people who drive its cars. In other words, the philosophy focuses not on automobiles but on people. Cars of course serve as tools for transporting people, places of comfort and tools of safety, but deriving this human-focused "utmost driving pleasure and safety" is about the emotions of the people in the cars. I think this philosophy is truly on point. MMC's market share is not large. For that very reason, the Company is able to hone in on the senses, sensations and joys of a certain segment of people. I find it very interesting how MMC is able to target a certain segment within the diversity of customers and truly grasp their needs. Diversity allows the Company to build a business that concentrates specifically on the senses of certain customers. As a result, MMC can provide very particular products to very particular customers. The ability to meet this selectiveness makes MMC a company that generates a sense of achievement and pleasure. That very specificity, however, means that MMC must not disappoint its customers, because any such disappointment will be doubly felt and reflected in their satisfaction. I would like MMC to take particular care on that point. From my perspective, I plan to continue communicating my opinion that this selectiveness is something the Company needs to use as a tool.

Internal Control Systems and Risk Management

Development of internal control systems
New establishment of the Statutory Compliance Committee

Based on the Basic Policy as passed by resolution of the Board of Directors, Mitsubishi Motors is continually working to ensure compliance with laws and regulations and to promote proper, effective business execution in line with changes in the domestic and overseas environments. In particular, to ensure the reliability of financial reporting pursuant to the Financial Instruments and Exchange Act Mitsubishi Motors is implementing companywide measures under the leadership of the Internal Control Promotion Committee. In fiscal 2014, we established the Statutory Compliance Committee to ensure thorough compliance in our business activities. The committee met for the first time in November 2014.

Internal Control Promotion Framework



Thorough information management
Increasing the scope of employees undergoing training and establishing an emergency response team.

Mitsubishi Motors implements physical, technological, personnel and organizational measures to improve data security management based on its information security policy and internal rules that conform to ISO 27001. In fiscal 2014, we conducted training for all employees, including engineering personnel, and established an emergency response team to address such events as fraudulent network access.

Security trade control
Ongoing stringent management of exports

From the viewpoint of maintaining international peace and security, Mitsubishi Motors sincerely believes in the importance of strict trade controls to prevent the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons.

To ensure appropriate trade controls, Mitsubishi Motors has established an Internal Security Trade Control Standard as a management regulation. In accordance with the standard and to ensure compliance with laws and regulations regarding security trade controls the Supervisory Committee for Security Trade Control was established. The legality of export transactions is guaranteed by a management system centered on the committee.

Development of risk management framework
Commencing the reconfiguration of a global system

Under the instruction of risk management officers, each operational headquarters and office works to lower departmental risk by conducting repeated cycles of risk identification, evaluation, devising and implementing countermeasures, and monitoring (departmental risk management).

For risks that are identified as "priority risks"—particularly those that require a companywide response—risk management officers work with related departments to draft and implement countermeasures (priority risk management). Activities in fiscal 2014 centered on business interruption risk and information system obsolescence. In the area of business interruption risk, in addition to the ongoing focus on natural disasters, we strengthened measures to address production equipment breakdowns and system trouble. To address information system obsolescence, we began reconfiguring our global system.

We regularly check the status of affiliated companies and conduct individual hearings on the status of countermeasures, as needed (affiliated company risk). In fiscal 2014, we focused on reinforcing risk management at Mitsubishi Motors Thailand, a key overseas facility.

Disaster countermeasures and BCP initiatives

Mitsubishi Motors' basic policy in times of disaster—such as earthquake or other natural disaster or an outbreak of infectious disease—is to ensure the safety of customers, as well as employees and their families, and assist local communities. We are preparing disaster countermeasures and business continuity plans (BCPs) to this end.

As disaster countermeasures, we conduct drills in communicating among various manufacturing facilities and Group companies on the basis of a presumed emergency. In fiscal 2014, we produced and distributed to all employees the Manual for Employee Action in Times of Disaster (Pocket Edition), summarizing our standards for employee action in the event of a disaster and communicating employee safety to their families.

We have revised our action plan to account for a major earthquake, and are improving our business continuity plans (BCPs)* through drills coordinating action in various regions. In fiscal 2014, we conducted a backup drill in which we hypothesized an earthquake directly under the Tokyo metropolitan area and set up our companywide disaster response headquarters in the Okazaki region.

Framework for promoting business ethics Increasing the number of committee members conducting workplace activities

Mitsubishi Motors has adopted an organization to ensure that awareness of compliance spreads to each and every employee by placing managers in charge of reinforcing compliance awareness at multiple levels. In fiscal 2014, we strengthened this organization at the workplace level by assigning additional committee members to conduct workplace activities at the Mizushima and Nagoya plants.

To create a workplace environment that is not conducive to scandals and promotes their early detection as well as self-correction, Mitsubishi Motors has established internal disclosure systems such as an internal Employee Counseling Office for employees of MMC and affiliated companies and an External Counseling Office, established with the help of outside attorneys. The Employee Counseling Office responded to 82 cases in fiscal 2014.

Safety Pledge Days

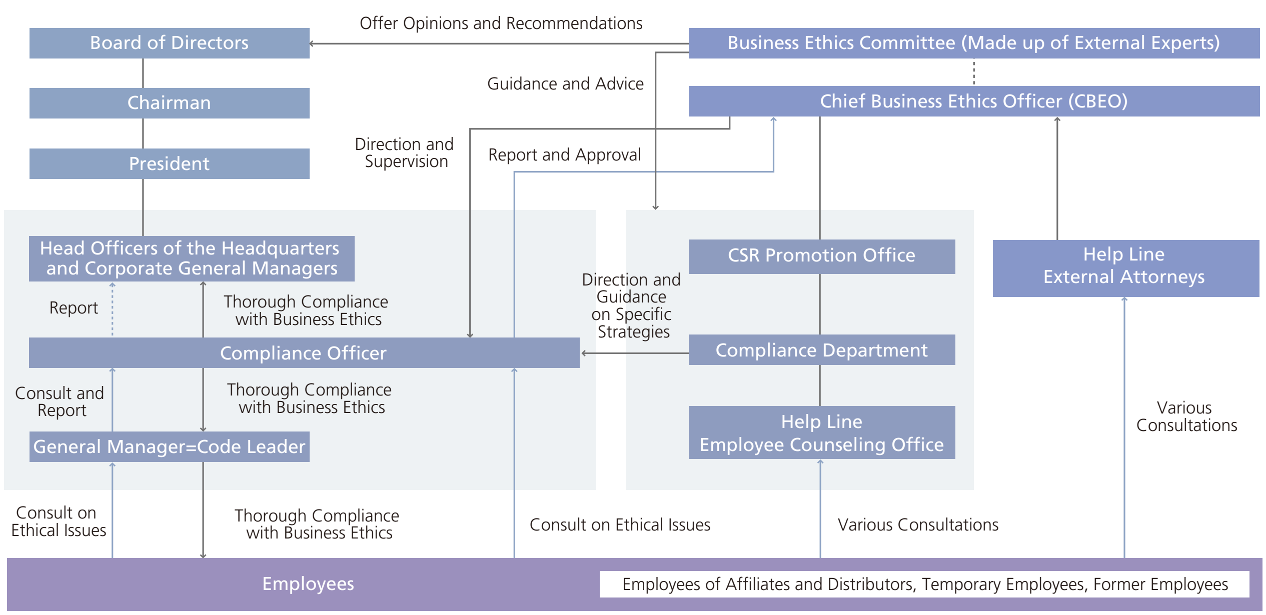
To prevent past incidents such as the regrettable recall problems from being forgotten over time, in October 2004 we designated January 10 and October 19 "Safety Pledge Days," since two fatal accidents occurred on those days involving large trucks manufactured by Mitsubishi Fuso, a former Mitsubishi Motors subsidiary. We conduct events to reconfirm the significance of these days at each of our workplaces. Around these days, we hold company ethics discussion meetings at all our workplaces to deliberate on immediate business ethics issues and the workplace climate.

The Business Ethics Committee Conducting plant inspections and conversing with employees

The Mitsubishi Motors Business Ethics Committee was established in June 2004 as an advisory body to the Board of Directors of Mitsubishi Motors. The committee, which is made up solely of external experts, conducts guidance and consultation from the viewpoint of external oversight and common sense. In addition to company ethics, the committee discusses items related to quality issues and corporate culture.

In fiscal 2014, this committee met 12 times, discussing 24 issues, including quality enhancement measures. MMC provided explanations of the issues, and the committee responded with its opinions, guidance and advice. In October 2014, the committee met at the Mizushima Plant, and committee members inspected the plant and conversed with employees.

Organizational Framework for Promoting Business Ethics



Responsibility to Society

As a good corporate citizen, Mitsubishi Motors aims to contribute to the development of a sound and sustainable society.

Hitoshi Inada
Chief Environmental Strategy Officer, Corporate General Manager of CSR Promotion Office

STEP Corporate Citizenship Activities

MMC is tackling four key themes with respect to corporate citizenship activities: support for the next generation, traffic safety, environmental preservation, and participation in local communities. These are being promoted as MMC's **"STEP"** corporate citizenship activities based on our corporate philosophy.

Based on the concept of enabling children to enjoy learning by experiencing the "real thing," we collaborate with local boards of education in sending our employees to elementary schools. As part of their fifth-year social studies course, we conduct an "environmental chapter" to help students learn about the relationship between cars and environmental problems, and our designers offer a "design chapter" course.

1. **S**upport for the next generation
   Supporting the education of the next generation to create a prosperous future.
2. **T**raffic safety
   Contributing to traffic safety education and the promotion of safe driving to create a zero-accident society.
3. **E**nvironmental preservation
   Contributing to preservation of our precious global environment.
4. **P**articipation in local communities
   Contributing to the revitalization and development of regional communities.

Environmental Initiatives

In January 2011 Mitsubishi Motors formulated its Environment Initiative Program 2015 to pursue interim targets toward achieving the objectives of its Environmental Vision 2020. We are actively pursuing our environmental conservation initiatives on an integrated, groupwide basis.

Targeting the early realization of a low-carbon society, MMC formulated its Environmental Vision 2020 in fiscal 2009 to define the Group's medium- to long-term policy on environmental initiatives. The aim of this vision is expressed in its key phrase, "Towards a Sustainable Future." Led by its electric vehicle technologies, the vision outlines environmental initiatives driven by MMC's technological development and corporate activities. Furthermore, working with customers and society, MMC is endeavoring to achieve a clean, low-carbon society with electric vehicles as its foundation.

To realize Environmental Vision 2020 objectives, the Company is working in line with the Mitsubishi Motors Environment Initiative Program 2015, which defines medium-term targets and environmental initiatives for fiscal 2011 through fiscal 2015. From the four perspectives of this program—products & technology, business activities, collaboration with society and a stronger base of implementation, we have established 28 categories in such areas as preventing global warming, recycling and conserving resources, preventing environmental pollution and promoting the spread of electric vehicles. Each fiscal year, we set targets for these categories and undertake initiatives accordingly.

Mitsubishi Motors Group Environmental Vision 2020
"Leading the EV* Era, Towards a Sustainable Future."

Products & Technology

- Promote the development and application of EV technology
  [2020 target] Achieve a 20% ratio of EVs in total production volume
- Reduce environmental impact during the product life cycle
  [2020 target] Cut CO_2 emissions from products (new vehicles) in use by 50%

Business Activities

- Step up corporate activities to promote widespread use of EVs
- Raise level of environmental protection activities by setting standards for each field of business activity
  [2020 target] Reduce per-vehicle CO_2 emissions during production by 20%

Collaboration with Society

- Work together with customers and society at large to realize new EV transportation systems
- Step up contribution to protecting the global environment by environmental conservation activities with local communities

* Includes electric vehicles and plug-in hybrid vehicles

Financial Section

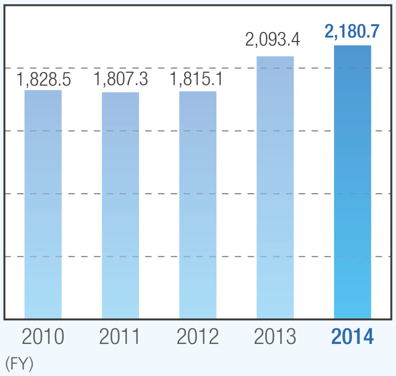
Contents

Consolidated Financial Summary

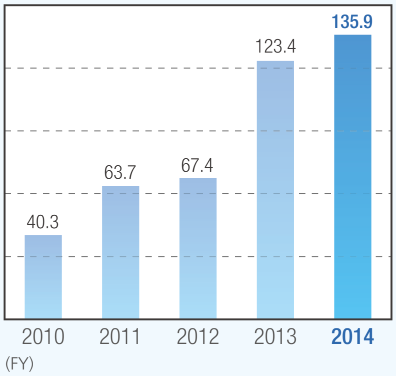
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2014
					In millions of yen	In thousands of U.S. dollars
For the year:						
Net sales	¥1,828,497	1,807,293	¥1,815,113	¥2,093,409	¥2,180,728	$18,147,031
Operating income	40,274	63,674	67,382	123,434	135,913	1,131,006
Income before income taxes and minority interests	30,422	41,618	69,396	117,194	129,504	1,077,680
Net income	15,621	23,928	37,978	104,664	118,170	983,362
					In yen	In U.S. dollars
Per share data:						
Net income per share—basic	¥2.82	¥4.32	¥66.05	¥156.60	¥120.16	$1.00
Net income per share—diluted	1.66	2.40	37.09	104.29	—	—
Cash dividends	—	—	—	25.00	16.00	0.13
					In millions of yen	In thousands of U.S. dollars
At year-end:						
Total assets	¥1,312,511	¥1,321,306	¥1,452,809	¥1,543,890	¥1,582,802	$13,171,357
Total net assets	248,092	265,620	351,227	550,009	670,766	5,581,813

Notes:
1. U.S. dollar amounts in the accompanying consolidated financial statements are converted, solely for convenience, at a rate of ¥120.17 = U.S.$1.00, the exchange rate prevailing on March 31, 2015.
2. On August 1, 2013, the Company conducted a 1-for-10 reverse share split on its common stock. Indicated figures for basic net income per share and diluted net income per share are calculated as if this reverse share split had occurred at the beginning of fiscal 2012.
3. Diluted net income per share is not indicated for fiscal 2014 because no dilutive shares existed.

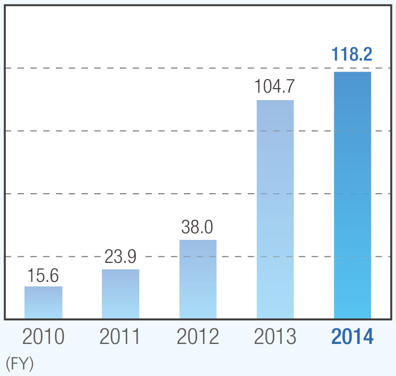
Net Sales
(Billions of yen)



Operating Income
(Billions of yen)



Net Income
(Billions of yen)



Financial Results and Discussion

Operational Review

Fiscal 2014 marked the initial year of the MMC Group's "New Stage 2016" mid-term business plan. The plan adopts six basic policies:

- Revenue growth by launching strategic models
- Development of next-generation technology
- Growth strategy based on emerging markets and profit improvements in mature markets
- Restructuring of the operating structure
- Growth investments for establishing a stable business foundation
- Actions for quality improvement

In line with these policies, over the term under review the MMC Group has worked toward achieving sustained growth and increasing its corporate value.

Results of Operations

Global retail sales volume for the full 2014 fiscal year totaled 1,090,000 units, an increase of 4% or 43,000 units over the same period in FY2013.

By geographic region, in Japan sales volume decreased with both registered vehicles and minicars totaling 115,000 units, a year-on-year decrease of 20% or 28,000 units. In North America, sales volume totaled 117,000 units, an increase of 21% or 20,000 units over the same period last year. The increase was driven by brisk sales of the *Outlander Sport* and *Mirage* as economic recovery in the United States moved onto a firmer pace. In Europe, sales volume totaled 227,000 units, an increase of 13% or 25,000 units year on year. Despite worsening economic situation in Russia which affected sales decline from the same period last year, the sales increase of the *Outlander PHEV* in western Europe contributed to the overall increase for the region. In Asia, sales volume totaled 344,000 units, which was about the same level as the same period last year. Although recovery in total demand for Thailand remained sluggish, an increase in sales in China, mainly stemming from GAC Mitsubishi Motors Corporation offset this. Sales volume in other regions totaled 287,000 units, an increase of 10% or 26,000 units year-on-year. Sales increased in the Middle East, resulting in an overall increase in sales for the region.

Net Sales and Income

Mitsubishi Motors Group posted cumulative consolidated results for fiscal 2014 which set record profits in all profit indicators, as follows: Net sales increased by ¥87.3 billion, or 4% year-on-year, to ¥2,180.7 billion. Operating income rose by ¥12.5 billion, or 10% increase year-on-year to a profit of ¥135.9 billion. Despite negative factors such as an increase in selling costs and R&D expenses along with a decrease in profits in volume and model mix, improvements in continuous efforts on reducing costs as well as favorable exchange rate contributed to the overall increase. Net income increased by ¥13.5 billion, or 13% year-on-year, to ¥118.2 billion.

Business Segment Information

● Automobiles

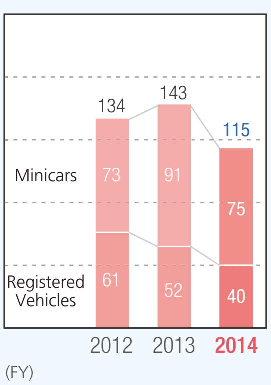
In the automobile business sector, for the year ended March 31, 2015, net sales totaled ¥2,166.2 billion, up ¥85 billion or 4% over the previous fiscal year. Segment income of ¥135.1 billion was up ¥13.2 billion over fiscal 2013.

● Financial Services

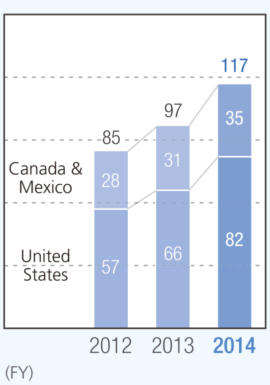
In the automobile financing business sector, for the year ended March 31, 2015, net sales totaled ¥14.6 billion, up ¥2.4 billion or 20% over the previous fiscal year. Segment income of ¥0.9 billion was down ¥0.6 billion over fiscal 2013.

Regional Sales Volume (Retail)

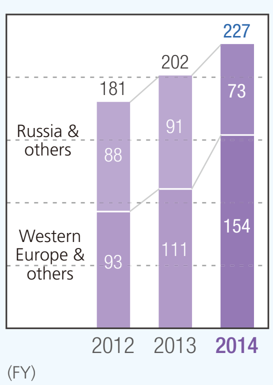
Japan
(Thousands of units)



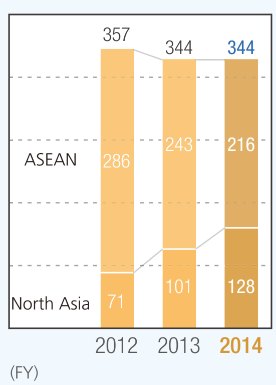
North America
(Thousands of units)



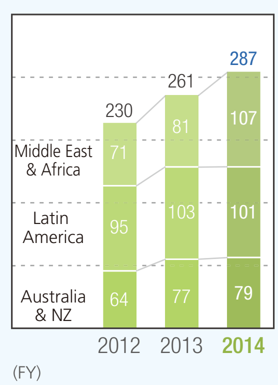
Europe
(Thousands of units)



Asia
(Thousands of units)



Other Regions
(Thousands of units)



Geographical Segment Information

● Japan

Net sales totaled ¥1,839.6 billion, an increase of ¥95.2 billion or 5% over fiscal 2013 due to higher unit sales and favorable foreign exchange rate. Segment income came in at ¥86.0 billion, an increase of ¥17.6 billion or 26% over fiscal 2013.

● North America

Net sales totaled ¥305.5 billion, an increase of ¥38.2 billion or 14% over fiscal 2013 mainly by higher unit sales. Segment income came in at ¥2.5 billion, a decrease of ¥0.2 billion or 6% over fiscal 2013 mainly due to increase in selling expenses.

● Europe

Net sales came in at ¥79.6 billion, a decrease of ¥49.1 billion or 38% over fiscal 2013 mainly due to revision on scope of consolidation of distributors. Segment income came in at ¥8.0 billion, a decrease of ¥0.2 billion or 3% over fiscal 2013.

● Asia and Other Regions

Net sales came in at ¥881.3 billion, an increase of ¥25.1 billion or 3% over fiscal 2013 driven mainly by higher unit sales. Segment income, however, came in at ¥39.5 billion, a decrease of ¥8.5 billion or 18% over fiscal 2013 due to a drop in sales volume in Thailand.

Note: In the geographical segment information, Japan includes Mitsubishi Motors and its domestic consolidated subsidiaries. Explanations of overseas operating performance are provided for overseas consolidated subsidiaries in their respective regions. Information on the "Overview of Operations by Region" on pages 16–21 are principally divided according to the location of external customers. As a result, values are different.

Analysis of Financial Position

Analysis of Assets, Liabilities, Net Assets, and Cash Flows

Assets at the end of the period totaled ¥1,582.8 billion, an increase of ¥38.9 billion over the end of fiscal 2013. Liabilities totaled ¥912.0 billion, reduction of ¥81.9 billion compared to the end of fiscal 2013. Net assets totaled ¥670.8 billion, an increase of ¥120.8 billion over the figure for the end of fiscal 2013.

Cash flows from operating activities came to a net inflow of ¥177.0 billion. This compared to a net inflow of ¥210.4 billion in fiscal 2013.

Cash flows from investing activities came to a net outflow of ¥71.3 billion due to disbursements related to the acquisition of tangible fixed assets. This compared to a net outflow of ¥81.4 billion in fiscal 2013.

Cash flows from financing activities came to a net outflow of ¥131.5 billion, due to disbursements related to repayments of long-term borrowings and payment of dividends. This compared to a net outflow of ¥82.1 billion in fiscal 2013.

As a result, the balance of cash and cash equivalents at the end of fiscal 2014 stood at ¥395.5 billion. This compared to a balance of ¥411.7 billion at the end of fiscal 2013.

Cash Flow Indicators

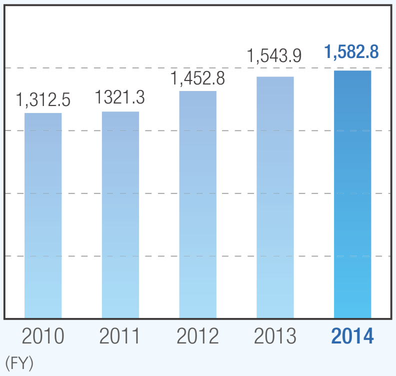
(FY)	2010	2011	2012	2013	2014
Shareholders' equity ratio (%)*	18.2	19.5	23.4	35.0	41.6
Shareholders' equity ratio* (fair value basis)	43.0	39.4	41.0	68.8	67.4
Cash flows/Interest-bearing debt ratio	3.8	2.9	2.1	1.1	0.8
Interest coverage ratio	7.9	8.5	15.9	22.3	41.0

* The shareholders' equity ratio is shareholders' equity divided by total assets (Minority interests excluded from shareholders' equity from the year ended March 31, 2007).
The shareholders' equity ratio (fair value basis) is market capitalization divided by total assets.
The cash flows/interest-bearing debt ratio is interest-bearing debt divided by cash flow.
The interest coverage ratio is cash flow divided by interest paid.

Notes:
1. Each indicator is calculated from consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares excluding treasury stock.
3. Cash flow refers to operating cash flow.
4. Interest-bearing debt includes all liabilities recorded on the balance sheet for which interest is paid.

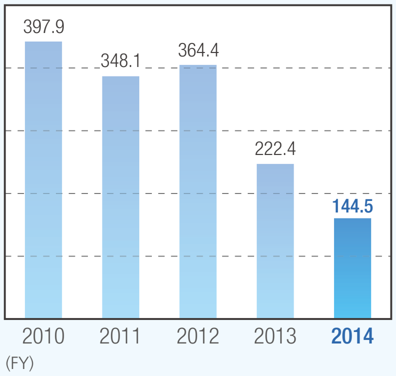
Total Assets

(Billions of yen)



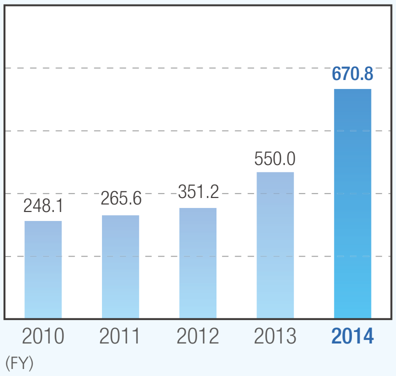
Interest-Bearing Debt

(Billions of yen)



Net Assets

(Billions of yen)



Business-Related Risks

Risks that may seriously impact the operating results and/or financial standing of the MMC Group are outlined below.

Country risk

Overseas sales accounted for around 80% of the MMC Group's consolidated net sales for the period. Changes in the economic, political or social situation in Japan or in the regions and countries MMC trades with, and in particular the countries of ASEAN and other emerging nations which will be central to the company's regional strategy, may seriously impact the MMC Group's operating results and/or financial standing.

In addition, conducting business operations in overseas markets exposes the company to latent risks including, but not limited to, changes in laws and taxes, changes in the political and economic situation, deficiencies in infrastructure, difficulties in acquiring skilled personnel, acts of terrorism and other emergencies and the outbreak of epidemics. In the event risks such as these start to manifest themselves, they may seriously impact the operating results and/or financial standing of the MMC Group.

Intensifying competition

Overcapacity in the auto industry and other factors are seeing an intensification of competition on a global basis. Increasing price competition makes sales incentives and effective publicity campaigns indispensable in promoting sales and retaining market share. Such increases in price competition and marketing incentives may seriously impact the operating results and/or financial standing of the MMC Group.

In addition, as competition in the auto industry intensifies, the development cycle for new products becomes shorter. In such circumstances, unless the Company is able to offer new products which satisfy price, quality, safety and other customer requirements, or if the company's strategic products are unable to gain suitable market acceptance, the operating results and/or financial standing of the MMC Group may be seriously impacted. Further, unless the MMC Group is able to formulate effective measures and strategies aimed at maintaining and increasing its competitiveness, the operating results and/or financial standing of the MMC Group may be seriously impacted through a drop in demand for its products.

Natural and other disasters

The MMC Group maintains production and other facilities in Japan and many parts of the world. The occurrence of a major natural or other disaster, including earthquakes, typhoons, fires and epidemics, in these areas may result in the suspension or other serious interruption in the operations of the MMC Group or of its suppliers. MMC has prepared and maintains plans and measures to keep operations going in areas and under situations where such risks are high and where they would have a serious impact on MMC Group operations. A disaster occurring on a scale larger than anticipated, however, may seriously impact the operating results and/or financial standing of the MMC Group.

Changes in laws and regulations

The MMC Group is subject to laws and regulations governing protection of the environment, product safety and other matters in the countries where it operates. In the event that the MMC Group fails to conform to or is unable to comply with such laws and regulations, or should such failure lead to sanctions against it, then large costs may be incurred for the purpose of conforming to or of complying with any revision, strengthening of or additions to, these laws and regulations and this may seriously impact the operating results and/or financial standing of the MMC Group.

Manufacturing cost

The MMC Group sources parts and raw materials from a large number of suppliers to manufacture its products. Any rise in the manufacturing cost of MMC's products due to changes in demand and other market conditions may seriously impact the operating results and/or financial standing of the MMC Group.

Foreign exchange rate fluctuations

Overseas sales accounted for around 80 percent of the MMC Group's consolidated net sales for the term under consideration. MMC endeavors to hedge risks involved in foreign currency receivables and payables through the prudent use of derivative contracts and other instruments but fluctuations in foreign exchange rates may still seriously impact the operating results and/or financial standing of the MMC Group.

Failure to achieve mid-term business plan targets

The MMC Group has drawn up a mid-term business plan setting out operational strategy for the mid-term. However, in the event that differences arise between the premises on which the plan was drawn up and real-world conditions, or should risks other than those described in this section become prominent, the operating results and/or financial standing of the MMC Group may be seriously impacted.

Product quality and safety

MMC endeavors to improve the quality and assure the safety of MMC Group products. However, in the event that MMC has to issue a recall or implement countermeasures on a large scale due to product defects or failures, or in the event that MMC is pursued in a large-scale product liability action, the large costs incurred and the damage to the company's reputation and consequent drop in demand for its products may seriously impact the operating results and/or financial standing of the MMC Group.

Lawsuits

Any lawsuit brought against MMC by customers, trading partners or other third parties in the course of the MMC Group conducting its business operations may seriously impact the operating results and/or financial standing of the MMC Group.

In addition, in the event that a decision in a legal action currently under dispute goes against the MMC Group's claims or predictions, this may seriously impact the operating results and/or financial standing of the MMC Group.

In February 20, 2010, MASRIA CO., Ltd. (hereafter "Plaintiff"), a former MMC distributor in Egypt, filed a lawsuit against MMC for dissolution of a distributor agreement between MMC and the Plaintiff including a 900 million USD claim for damages. The judgments in both the courts of first and second instance found in favor of MMC on October 26, 2010 and July 3, 2012 respectively, based on the reasoning that the case was not within the Egyptian court's legal jurisdiction. The case is now before the final appellate court after the Plaintiff appealed on July 21, 2012 against the judgment of the court of second instance.

The case has been found to not be within the Egyptian court's jurisdiction, and the distributor agreement was spelled out clearly, as indicated above. Furthermore, MMC's notice to terminate the distributor agreement with the Plaintiff followed due legal process and the terms of the agreement, thus making the Plaintiff's claim irrational. For these reasons, at present MMC does not consider this legal case will result in any serious impact on the operating results and/or financial standing of the MMC Group.

Tie-ups and alliances

The MMC Group engages in a variety of activities through operational tie-ups and alliances with auto manufacturers and other companies both in Japan and overseas for the purpose of conducting and expanding its operations. In the event of a particular situation arising at, or of any breakdown in discussions with, a tie-up or alliance company which is beyond the control of MMC, the operating results and/or financial standing of the MMC Group may be seriously impacted.

Dependence on particular suppliers

MMC sources raw materials and parts from a large number of suppliers. The necessity to procure materials and parts characterized by higher quality or more advanced technologies at more competitive prices may bring about a situation in which orders are concentrated upon a specific supplier. There may also be only a limited number of suppliers able to supply parts for which a specific technology is required. Consequently, the operating results and/or financial standing of the MMC Group may be seriously impacted in the event that some unforeseen situation arises and interrupts deliveries from such suppliers.

Customer, trading partner credit

The MMC Group is exposed to credit risks in its dealings with customers and with dealers and other trading partners and in its automobile financing business. In the event that losses stemming from such credit risks exceed the company's estimates, the operating results and/or financial standing of the MMC Group may be seriously impacted.

Infringement of intellectual property rights

In order to distinguish its products from those of other auto manufacturers MMC endeavors to protect its own technologies, know-how and other intellectual property as well as to prevent the infringement of third party intellectual property rights. However, in the event that a third party unlawfully uses MMC Group intellectual property to manufacture and sell imitations of its products, or in the event that limitations in the legal system in certain countries in relation to the protection of intellectual property rights result in a fall in sales or in legal costs, or in the event that an unforeseen third party intellectual property right requires a halt in manufacturing or sales or in the payment of compensation, the operating results and/or financial standing of the MMC Group may be seriously impacted.

IT and information security

The information technology and the networks and systems that the MMC Group uses in its management and its products are exposed to the possibility of attacks by hackers or computer viruses, to illegal or inappropriate use and to infrastructure breakdowns. In such an event, the operating results and/or financial standing of the MMC Group may be seriously impacted.

The MMC Group possesses confidential information relating to matters both within and without the Group and including personal data. In the event such information is improperly leaked to the outside, the operating results and/or financial standing of the MMC Group may be seriously impacted.

Consolidated Balance Sheets

Mitsubishi Motors Corporation and Consolidated Subsidiaries

	(In millions of yen)		(In thousands of U.S. dollars) (Note 3)
	March 31,		
	2015	2014	2015
Assets			
Current assets:			
Cash and cash equivalents (Notes 13 and 15)	¥ 395,526	¥ 411,695	$ 3,291,391
Notes and accounts receivable – trade (Note 15)	184,653	173,535	1,536,599
Finance receivables (Notes 7 and 15)	37,702	28,927	313,742
Inventories (Note 7)	211,683	207,549	1,761,537
Short-term loans receivable	2,377	3,261	19,782
Deferred tax assets (Note 18)	24,742	15,445	205,895
Other (Note 7)	110,557	100,171	920,010
Allowance for doubtful accounts (Note 15)	(3,585)	(4,025)	(29,834)
Total current assets	963,658	936,561	8,019,126
Property, plant and equipment, net (Notes 4, 7 and 14)	406,310	400,801	3,381,131
Intangible assets	14,043	12,937	116,866
Investments and other assets:			
Investments (Notes 5, 7 and 15)	122,870	112,798	1,022,474
Long-term finance receivables (Notes 7 and 15)	40,446	40,652	336,578
Long-term loans receivable	6,953	7,775	57,862
Net defined benefit asset (Note 17)	4,823	7,884	40,140
Deferred tax assets (Note 18)	9,914	9,898	82,507
Other (Note 7)	20,543	21,492	170,952
Allowance for doubtful accounts (Note 15)	(6,763)	(6,911)	(56,282)
Total investments and other assets, net	198,789	193,590	1,654,233
Total assets	¥1,582,802	¥1,543,890	$13,171,357

	(In millions of yen)		(In thousands of U.S. dollars) (Note 3)
	March 31,		
	2015	2014	2015
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable – trade (Note 15)	¥ 353,862	¥ 346,579	$ 2,944,679
Electronically recorded obligations (Note 15)	21,018	9,145	174,904
Short-term loans payable (Notes 7 and 15)	90,907	121,074	756,493
Current portion of long-term debt (Notes 7 and 15)	27,643	32,611	230,037
Lease obligations (Notes 7 and 14)	3,338	3,818	27,784
Accounts payable – other and accrued expenses (Notes 6 and 15)	156,236	145,887	1,300,128
Income taxes payable (Note 18)	5,829	9,522	48,506
Other (Notes 18 and 19)	34,003	52,307	282,964
Total current liabilities	692,840	720,946	5,765,499
Long-term debt (Notes 7 and 15)	25,914	68,672	215,644
Lease obligations (Notes 7 and 14)	2,194	4,933	18,259
Deferred tax liabilities (Note 18)	29,970	28,053	249,404
Net defined benefit liability (Note 17)	106,821	113,747	888,922
Other (Note 19)	54,294	57,527	451,813
Total liabilities	912,035	993,880	7,589,544
Net assets:			
Shareholders' equity (Notes 8 and 23):			
Capital stock	165,701	165,701	1,378,890
Capital surplus	85,257	85,257	709,477
Retained earnings	432,241	340,714	3,596,916
Treasury stock	(220)	(219)	(1,832)
Total shareholders' equity	682,980	591,453	5,683,451
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	7,844	5,786	65,276
Deferred gains or losses on hedges	286	(1,641)	2,388
Foreign currency translation adjustment	(21,013)	(51,323)	(174,864)
Remeasurements of defined benefit plans	(11,445)	(3,742)	(95,243)
Total accumulated other comprehensive income	(24,327)	(50,921)	(202,443)
Minority interests	12,113	9,477	100,805
Total net assets	670,766	550,009	5,581,813
Contingent liabilities (Note 9)			
Total liabilities and net assets	¥1,582,802	¥1,543,890	$13,171,357

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Mitsubishi Motors Corporation and Consolidated Subsidiaries

	(In millions of yen)		(In thousands of U.S. dollars) (Note 3)
	For the years ended March 31,		
	2015	2014	2015
Net sales	¥2,180,728	¥2,093,409	$18,147,031
Cost of sales	1,707,091	1,643,176	14,205,633
Gross profit	473,637	450,232	3,941,397
Selling, general and administrative expenses (Note 10)	337,724	326,797	2,810,391
Operating income	135,913	123,434	1,131,006
Interest and dividends income	7,248	6,356	60,316
Interest expenses	4,305	9,345	35,824
Other gain (loss), net (Notes 5 and 11)	(9,351)	(3,251)	(77,817)
Income (loss) before income taxes and minority interests	129,504	117,194	1,077,680
Income taxes (Note 18):			
Current	17,179	24,693	142,957
Deferred	(7,698)	(14,629)	(64,060)
	9,481	10,063	78,897
Income (loss) before minority interests	120,023	107,130	998,782
Minority interests in income	1,853	2,465	15,420
Net income (loss) (Note 23)	¥ 118,170	¥ 104,664	$ 983,362

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Motors Corporation and Consolidated Subsidiaries

	(In millions of yen)		(In thousands of U.S. dollars) (Note 2)
	For the years ended March 31,		
	2015	2014	2015
Income (loss) before minority interests	¥120,023	¥107,130	$ 998,782
Other comprehensive income			
Valuation difference on available-for-sale securities	2,047	558	17,034
Deferred gains or losses on hedges	383	(3,438)	3,193
Foreign currency translation adjustment	30,750	7,621	255,894
Remeasurements of defined benefit plans	(7,942)	—	(66,094)
Share of other comprehensive income of associates accounted for using equity method	2,772	9,936	23,073
Total other comprehensive income (Note 12)	28,011	14,677	233,101
Comprehensive income	¥148,035	¥121,808	$1,231,884
Comprehensive income attributable to:			
Owners of the parent	¥144,787	¥119,028	$1,204,856
Minority interests	¥ 3,247	¥ 2,780	$ 27,028

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsubishi Motors Corporation and Consolidated Subsidiaries

(In millions of yen)

	For the year ended March 31, 2015				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	¥165,701	¥85,257	¥340,714	¥(219)	¥591,453
Cumulative effects of changes in accounting policies (Note 2)			5,363		5,363
Restated balance	165,701	85,257	346,077	(219)	596,817
Changes of items during year:					
Dividends of surplus			(31,961)		(31,961)
Net income (loss)			118,170		118,170
Purchase of treasury stock				(0)	(0)
Change of scope of equity method			(45)		(45)
Net changes of items other than shareholders' equity					
Total changes of items during year	—	—	86,163	(0)	86,163
Balance at the end of year	¥165,701	¥85,257	¥432,241	¥(220)	¥682,980

(In millions of yen)

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of year	¥5,786	¥(1,641)	¥(51,323)	¥ (3,742)	¥(50,921)	¥ 9,477	¥550,009
Cumulative effects of changes in accounting policies (Note 2)							5,363
Restated balance	5,786	(1,641)	(51,323)	(3,742)	(50,921)	9,477	555,373
Changes of items during year:							
Dividends of surplus							(31,961)
Net income (loss)							118,170
Purchase of treasury stock							(0)
Change of scope of equity method							(45)
Net changes of items other than shareholders' equity	2,057	1,928	30,310	(7,703)	26,593	2,636	29,229
Total changes of items during year	2,057	1,928	30,310	(7,703)	26,593	2,636	115,393
Balance at the end of year	¥7,844	¥ 286	¥(21,013)	¥(11,445)	¥(24,327)	¥12,113	¥670,766

	(In thousands of U.S. dollars) (Note 3)				
	For the year ended March 31, 2015				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	$1,378,890	$709,477	$2,835,269	$(1,828)	$4,921,808
Cumulative effects of changes in accounting policies (Note 2)			44,633		44,633
Restated balance	1,378,890	709,477	2,879,902	(1,828)	4,966,441
Changes of items during year:					
Dividends of surplus			(265,971)		(265,971)
Net income (loss)			983,362		983,362
Purchase of treasury stock				(4)	(4)
Change of scope of equity method			(376)		(376)
Net changes of items other than shareholders' equity					
Total changes of items during year	—	—	717,014	(4)	717,010
Balance at the end of year	$1,378,890	$709,477	$3,596,916	$(1,832)	$5,683,451

	(In thousands of U.S. dollars) (Note 3)						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of year	$48,152	$(13,660)	$(427,093)	$(31,140)	$(423,742)	$ 78,866	$4,576,932
Cumulative effects of changes in accounting policies (Note 2)							44,633
Restated balance	48,152	(13,660)	(427,093)	(31,140)	(423,742)	78,866	4,621,565
Changes of items during year:							
Dividends of surplus							(265,971)
Net income (loss)							983,362
Purchase of treasury stock							(4)
Change of scope of equity method							(376)
Net changes of items other than shareholders' equity	17,123	16,048	252,229	(64,102)	221,299	21,939	243,238
Total changes of items during year	17,123	16,048	252,229	(64,102)	221,299	21,939	960,248
Balance at the end of year	$65,276	$ 2,388	$(174,864)	$(95,243)	$(202,443)	$100,805	$5,581,813

(In millions of yen)

	For the year ended March 31, 2014				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	¥ 657,355	¥ 432,666	¥ (688,049)	¥ (217)	¥401,754
Changes of items during the period					
Issuance of new shares	133,375	133,375			266,750
Deficit disposition		(924,102)	924,102		—
Transfer to capital surplus from capital stock	(625,028)	625,028			—
Net income (loss)			104,664		104,664
Purchase of treasury stock				(181,711)	(181,711)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(181,709)		181,709	—
Change of scope of equity method			(3)		(3)
Net changes of items other than shareholders' equity					
Total changes of items during year	(491,653)	(347,408)	1,028,764	(2)	189,699
Balance at the end of year	¥ 165,701	¥ 85,257	¥ 340,714	¥ (219)	¥591,453

(In millions of yen)

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of year	¥5,222	¥ 2,980	¥(69,759)	¥ —	¥(61,556)	¥11,030	¥351,227
Changes of items during the period							
Issuance of new shares							266,750
Deficit disposition							—
Transfer to capital surplus from capital stock							—
Net income (loss)							104,664
Purchase of treasury stock							(181,711)
Disposal of treasury stock							0
Retirement of treasury stock							—
Change of scope of equity method							(3)
Net changes of items other than shareholders' equity	563	(4,621)	18,435	(3,742)	10,635	(1,553)	9,082
Total changes of items during year	563	(4,621)	18,435	(3,742)	10,635	(1,553)	198,781
Balance at the end of year	¥5,786	¥(1,641)	¥(51,323)	¥(3,742)	¥(50,921)	¥ 9,477	¥550,009

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Motors Corporation and Consolidated Subsidiaries

	(In millions of yen)		(In thousands of U.S. dollars) (Note 3)
	For the years ended March 31,		
	2015	2014	2015
Operating activities:			
Net income (loss)	¥ 118,170	¥104,664	$ 983,362
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	62,447	59,212	519,657
Impairment loss (Notes 4 and 11)	20,145	6,902	167,639
Gain on revision of retirement benefit plan	(2,448)	—	(20,377)
Increase (decrease) in allowance for doubtful accounts	(849)	(2,445)	(7,066)
Increase (decrease) in net defined benefit liability	(9,415)	(3,372)	(78,351)
Equity in (earnings) losses of affiliates	(10,613)	(7,373)	(88,319)
Income taxes – deferred	(7,698)	(14,629)	(64,060)
Minority interests in income	1,853	2,465	15,420
Loss (gain) on sales and retirement of property, plant and equipment, net	2,623	4,038	21,832
Loss (gain) on sales of investment securities	(12)	(205)	(104)
Loss (gain) on sales of subsidiaries and affiliates' stocks	(200)	(616)	(1,666)
Share issuance cost	—	12,639	—
Decrease (increase) in notes and accounts receivable – trade	481	(23,910)	4,003
Decrease (increase) in inventories	14,382	(1,187)	119,680
Changes in finance receivables (Note 13)	2,824	12,249	23,504
Increase (decrease) in notes and accounts payable – trade	2,766	42,135	23,017
Other, net (Note 13)	(17,446)	19,874	(145,183)
Net cash provided by (used in) operating activities	177,008	210,443	1,472,988
Investing activities:			
Decrease (increase) in time deposits	(17)	9,583	(148)
Purchases of property, plant and equipment (Note 13)	(85,598)	(90,695)	(712,309)
Proceeds from sales of property, plant and equipment (Note 13)	16,353	14,715	136,083
Net decrease (increase) in investments in securities	53	221	447
Decrease (increase) in short-term loans receivable	423	(1,625)	3,526
Payments of long-term loans receivable	(870)	(6,294)	(7,243)
Collection of long-term loans receivable	1,343	705	11,184
Net decrease in cash on the sale of subsidiaries resulting in change in scope of consolidation	—	(2,265)	—
Other, net	(3,015)	(5,697)	(25,093)
Net cash provided by (used in) investing activities	(71,327)	(81,352)	(593,552)
Financing activities:			
Increase (decrease) in short-term loans payable	(41,573)	(5,790)	(345,953)
Proceeds from issuance of long-term debt	28,613	2,925	238,107
Repayment or redemption of long-term debt	(83,064)	(142,824)	(691,222)
Proceeds from issuance of common shares (Note 8)	—	254,111	—
Purchase of treasury shares (Note 8)	(0)	(181,711)	(4)
Cash dividends paid	(31,746)	—	(264,183)
Cash dividends paid to minority shareholders	(507)	(4,313)	(4,223)
Other, net	(3,215)	(4,480)	(26,756)
Net cash provided by (used in) financing activities	(131,494)	(82,083)	(1,094,236)
Effect of exchange rate changes on cash and cash equivalents	9,643	3,520	80,252
Net change in cash and cash equivalents	(16,168)	50,527	(134,547)
Cash and cash equivalents at beginning of year	411,695	361,167	3,425,939
Cash and cash equivalents at end of year (Note 13)	¥ 395,526	¥411,695	$ 3,291,391

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Motors Corporation and Consolidated Subsidiaries

1. Significant Accounting Policies

(a) Basis of preparation

MMC and its domestic consolidated subsidiaries maintain their books of account in conformity with the generally accepted accounting principles in Japan. The financial statements of foreign subsidiaries are prepared for consolidation purposes in conformity with generally accepted accounting principles in the United States or International Financial Reporting Standards, subject to the adjustments required by generally accepted accounting principles in Japan.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. These financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency as required by the Financial Instruments & Exchange Act of Japan.

In addition, the notes to the consolidated financial statements include information, which is not required under generally accepted accounting principles in Japan but which is presented herein as additional information.

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

As permitted, amounts of less than ¥1 million have been omitted. Consequently, the totals shown in the accompanying financial statements (both in Yen and U.S. dollars) may not necessarily agree with the sum of the individual amounts presented.

(b) Principles of consolidation

All significant companies over which MMC has effective control are consolidated. Significant companies over which MMC has the ability to exercise significant influence have been accounted for by the equity method.

All significant inter-company transactions have been eliminated in consolidation.

Any differences at the date of acquisition between acquisition cost and the fair value of the net assets acquired are expensed when incurred or are amortized over 7 years depending on the period over which it is estimated to be beneficial for each investment.

(c) Cash and cash equivalents

All highly liquid and low risk investments with maturities of three months or less when purchased are considered to be cash equivalents.

(d) Inventories

Inventories of MMC and its domestic consolidated subsidiaries are principally stated at cost determined by the first in first out method or specific identification method (under either method, the balance sheet carrying value is reduced to recognize any deterioration of recoverability). Inventories of the overseas consolidated subsidiaries are principally stated at the lower of cost or market value. Cost is determined by the specific identification method.

(e) Investments

Investments in securities are classified either as held-to-maturity, as investments in unconsolidated subsidiaries and affiliates, or as other securities. Held-to-maturity securities are stated at their amortized cost. No investments classified as held-to-maturity were held during the years ended March 31, 2015 and 2014. Other securities with a readily determinable market value are stated at fair value and the cost of such securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of other securities, including unrealized gains and losses, is recognized in "Valuation difference on available-for-sale securities" in the accompanying consolidated balance sheets. Other securities without a readily determinable market value are stated at cost determined by the moving average method.

(f) Depreciation and amortization

Property, plant and equipment (excluding leased assets):
Depreciation of property, plant and equipment (excluding leased assets) is principally calculated using the declining balance method or the straight line method over the estimated useful life of the respective assets for MMC and domestic consolidated subsidiaries. Depreciation is principally calculated using the straight line method for the overseas consolidated subsidiaries.

The useful lives of the assets are based on the estimated lives of assets for MMC and are determined in accordance with the Corporation Tax Act for its domestic consolidated subsidiaries. The useful lives of the assets are determined based on the expected useful lives for the overseas consolidated subsidiaries.

Intangible fixed assets (excluding leased assets):
Intangible fixed assets (excluding leased assets) are amortized using the straight line method for MMC and its domestic consolidated subsidiaries and using the straight line method primarily over the period for which each asset is available for use for the overseas

consolidated subsidiaries. Software intended for use by MMC and its domestic consolidated subsidiaries is amortized using the straight line method over a period of 5 years.

Leased assets:
Assets recognized under finance leases that do not involve transfer of ownership to the lessee are depreciated using the straight line method based on the contract term of the lease agreement. If a guaranteed residual value is determined in the lease agreement, the said guaranteed residual value is deemed as the residual value of such leased assets. If the residual value is not determined, it is deemed to be zero.

(g) Allowance for doubtful accounts

The allowance for doubtful accounts has been provided based on MMC and its consolidated subsidiaries' historical experience with respect to write-offs and an estimate of the amount of specific uncollectible accounts.

(h) Allowance for product warranties

The allowance for product warranty claims has been calculated based on MMC and its consolidated subsidiaries' historical experience and estimations with respect to future costs relating to claims.

(i) Retirement benefits

The retirement benefit obligation for employees is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

Prior service costs are amortized as incurred by the straight line method over periods (mainly 10 years), which are shorter than the estimated average remaining service years of the employees.

Actuarial gains or losses are amortized in the year following the year in which such gains or losses are recognized by the straight line method over the periods (mainly 10 years), which are shorter than the estimated average remaining service years of the employees.

Unrecognized actuarial gains and losses and unrecognized prior costs are recognized in remeasurements of defined benefit plans in accumulated other comprehensive income in net assets after adjusting for tax effects.

(Additional information)
Effective from February 1, 2015, MMC has transferred from a defined benefit corporate pension plan to a defined contribution pension plan, and adopted the "Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, May 17, 2012) and "Guidance on Accounting for Transfers between Retirement Benefit Plans" (Practical Issues Task Force No. 2, May 17, 2012). As a result, a gain on change of retirement benefit plan of 2,448 million yen is included in extraordinary income for this fiscal year.

(j) Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into Yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statements of income.

The accounts of the consolidated foreign subsidiaries are translated into Yen as follows:

a. Asset and liability items are translated at the rate of exchange in effect on March 31;
b. Components of shareholders' equity are translated at their historical rates at acquisition or upon occurrence; and
c. Revenues, expenses and cash flow items are translated at the average rate for the financial period.

Translation adjustments are included in "Net assets".

(k) Amounts per share of common stock

The computation of basic net income per share of common stock is based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share of common stock is computed based on the weighted average number of shares of common stock outstanding each year after giving effect to the dilutive potential of common stock to be issued upon the conversion of preferred stock.

(l) Derivative financial instruments

MMC and its consolidated subsidiaries are exposed to risks arising from fluctuations in foreign currency exchange rates and interest rates. In order to manage those risks, MMC and its consolidated subsidiaries enter into various derivative agreements including forward foreign exchange contracts and interest rate swaps.

Forward foreign exchange contracts are utilized to manage risks arising from forecast exports of finished goods and related foreign currency receivables. Interest rate swaps are utilized to manage interest rate risk for loans. MMC and its consolidated subsidiaries do not utilize derivatives for speculation or trading purposes.

Derivative financial instruments are recorded at fair value, excluding certain instruments described below which are recorded in accordance with the special hedge provisions of the accounting standard.

Forward foreign exchange contracts related to forecast exports of finished goods are accounted for using deferral hedge accounting. Deferral hedge accounting requires unrealized gains or losses to be deferred as liabilities or assets.

MMC and its consolidated subsidiaries have also developed a hedging policy to control various aspects of the derivative transactions including authorization levels and transaction volumes. Based on this policy, within certain limits, MMC and its consolidated subsidiaries hedge the risks arising from the changes in foreign currency exchange rates and interest rates. Forward foreign exchange contracts are designated to hedge the exposure to variability in expected future cash flows.

For interest rate swaps accounted for as special hedges, instead of measuring hedge effectiveness, confirmation of the conditions for special hedge accounting is carried out.

2. Accounting Changes

Effective from this fiscal year, MMC adopted the "*Accounting Standard for Retirement Benefits*" (ASBJ Statement No. 26. May 17, 2012. Hereinafter referred to as the "Standard") and the "*Guidance on the Accounting Standard for Retirement Benefits*" (ASBJ Guidance No. 25, March 26, 2015. Hereinafter, the "Guidance") with respect to the provisions of Section 35 of the Standard and Section 67 of the Guidance. Accordingly, MMC revised its methods for calculating retirement benefit obligation and service costs, changing the expected retirement benefit period attribution method from a straight line method to a benefit formula method. Moreover, MMC changed its method for determining the discount rate from using the remaining service years of employees to a single weighted average discount rate. In applying the Standard, etc., the financial effects of the changes to retirement benefit obligation and service cost calculation methods were reflected in the balance of retained earnings at the beginning of this fiscal year, according to the transitional treatment stipulated in Section 37 of the Standard.

As a result, the opening balance of retained earnings increased by 5,363 million yen ($44,633 thousand) for this fiscal year. Its effect on the profit/loss for fiscal year was immaterial.

The amount of net asset per share increased by 5.45 yen and the effect on current net profit per share was immaterial.

3. U.S. Dollar Amounts

The U.S. dollar amounts in the accompanying consolidated financial statements are included, solely for convenience, at ¥120.17 = U.S.$1.00, the exchange rate prevailing on March 31, 2015. This translation should not be construed as a representation that the Yen amounts represent or have been, or could be, converted into U.S. dollars at that or any other rate.

4. Property, Plant and Equipment

Accumulated depreciation of property, plant and equipment at March 31, 2015 and 2014 were ¥930,082 million ($7,739,724 thousand) and ¥932,671 million, respectively.

Impairment losses were recognized in the following asset groups for the years ended March 31, 2015 and 2014:

			(In millions of yen)	(In thousands of U.S. dollars)
For the year ended March 31, 2015				
Location	Application	Assets	Impairment loss amount	
Sapporo, Hokkaido and others (46 sites)	Assets used in sales operations	Buildings, land and others	¥ 2,030	$ 16,900
Kawaguchi, Saitama and others (6 sites)	Idle assets	Buildings, land and others	200	1,668
Okazaki, Aichi and Illinois, USA, others (8 sites)	Production facilities	Machinery and equipment, tools, furniture and fixture and others	17,913	149,071
			¥20,145	$167,639

			(In millions of yen)
For the year ended March 31, 2014			
Location	Application	Assets	Impairment loss amount
Yamaguchi, Yamaguchi and others (32 sites)	Assets used in sales operations	Buildings, land and others	¥ 539
Chiba, Chiba and others (16sites)	Idle assets	Buildings, land and others	2,032
Kurashiki, Okayama and others (3sites)	Production facilities	Machinery and equipment, tools, furniture and fixture and others	4,330
			¥6,902

The groupings of assets are determined as follows:

Assets used in production are grouped either by manufacturing plants or by operational sites. Assets used in sales operations are generally grouped by operational sites. Assets leased to others and idle assets have their own asset groups.

As a result of the worsening market environment and other factors, the book value of some of the assets has been reduced to recoverable value.

The recoverable values of assets have been obtained by comparing and then taking the higher of: value in use, which is determined by estimating future cash flows with a 6% discount rate for the year ended March 31, 2015 and 2014, respectively; and net realizable value, which is based on an appraisal value obtained from a professional real estate appraiser or calculated on a reasonable basis by using the estate tax valuations through land assessments and similar methods. The recoverable value of the assets being idle is measured with their net sale value and that of the idle assets which are considered substantially difficult to be sold is estimated to be zero.

Loss on impairment of fixed assets amounted to ¥20,145 million ($167,639 thousand) and consisted of ¥4,190 million ($34,872 thousand) from buildings and structures, ¥6,501 million ($54,106 thousand) from tools, furniture and fixtures, ¥6,084 million ($50,634 thousand) from machinery and equipment, ¥2,576 million ($21,438 thousand) from land, and ¥791 million ($6,587 thousand) from other assets for the year ended March 31, 2015. Loss on impairment of fixed assets amounted to ¥6,902 million and consisted of ¥1,596 million from buildings and structures, ¥159 million from tools, furniture and fixtures, ¥4,215 million from machinery and equipment, ¥867 million from land and ¥64 million from other assets for the year ended March 31, 2014.

5. Investments

Other securities at March 31, 2015 and 2014 were as follows:

	(In millions of yen)			
	March 31, 2015			
	Carrying amount	Acquisition cost	Unrealized gains	Unrealized (losses)
Other securities:				
Securities with market value	¥21,151	¥9,226	¥11,925	¥(0)
Total	¥21,151	¥9,226	¥11,925	¥(0)

	(In thousands of U.S. dollars)			
	March 31, 2015			
	Carrying amount	Acquisition cost	Unrealized gains	Unrealized (losses)
Other securities:				
Securities with market value	$176,013	$76,780	$99,234	$(1)
Total	$176,013	$76,780	$99,234	$(1)

	(In millions of yen)			
	March 31, 2014			
	Carrying amount	Acquisition cost	Unrealized gains	Unrealized (losses)
Other securities:				
Securities with market value	¥18,572	¥9,150	¥9,422	¥(0)
Total	¥18,572	¥9,150	¥9,422	¥(0)

Proceeds from sales of other securities and the corresponding gross gains and losses that are included in other gain (loss), net in the accompanying consolidated statements of income for the years ended March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Proceeds	¥53	¥225	$443
Gross gains	12	205	107
Gross losses	(0)	—	(3)

No notes are provided for losses recognized on the impairment of securities, as the amount is considered immaterial.

6. Accounts Payable – Other and Accrued Expenses

Accounts payable – other and accrued expenses at March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Accrued expenses and accounts payable	¥122,128	¥113,893	$1,016,297
Allowance for product warranties	34,108	31,993	283,831
	¥156,236	¥145,887	$1,300,128

7. Short-Term Loans Payable, Long-Term Debt and Lease Obligations

Short-term loans payable at March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Loans, principally from banks	¥90,907	¥121,074	$756,493

The weighted average interest rates of short-term loans payable at March 31, 2015 and 2014 were 1.4% and 1.6%, respectively.

Long-term debt at March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Loans, principally from banks and insurance companies, due through 2023 at weighted average interest rates averaging 2.2% in 2015 and 3.0% in 2014:			
Secured	¥ 34,114	¥ 39,248	$ 283,881
Unsecured	19,443	62,035	161,800
	53,557	101,283	445,681
Less current portion	(27,643)	(32,611)	(230,037)
	¥ 25,914	¥ 68,672	$ 215,644

The maturities of long-term debt at March 31, 2015 are as follows:

Years ending March 31,	(In millions of yen)	(In thousands of U.S. dollars)
2016	¥27,643	$230,037
2017	20,969	174,495
2018	3,148	26,199
2019	1,364	11,358
2020	427	3,559
Thereafter	3	31
Total	¥53,557	$445,681

Lease obligations at March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Current	¥3,338	¥3,818	$27,784
Non-current	2,194	4,933	18,259

The weighted average interest rates of lease obligations due through 2029 at March 31, 2015 and 2014 were 4.0% and 4.5%, respectively.

The maturities of lease obligations at March 31, 2015 are as follows:

Years ending March 31,	(In millions of yen)	(In thousands of U.S. dollars)
2016	¥3,338	$27,784
2017	1,128	9,390
2018	476	3,967
2019	291	2,429
2020	141	1,178
Thereafter	155	1,293
Total	¥5,533	$46,044

Assets pledged as collateral for short-term loans payable, long-term debt and guarantees (excluding factory related groups of assets) at March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Finance receivables and Long-term finance receivables	¥ 71,872	¥ 60,814	$ 598,088
Property, plant and equipment, net	65,234	56,187	542,855
Other (see (i) below)	8,871	8,442	73,823
	¥145,978	¥125,443	$1,214,766

(i) ¥1,209 million ($10,068 thousand) and ¥1,124 million of other current assets were pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd. at March 31, 2015 and 2014, respectively. ¥46 million ($382 thousand) and ¥46 million of investments were pledged as collateral for debt of Mizushima Eco-Works Co., Ltd. at 2015 and 2014, respectively.

The following groups of assets of MMC, the Okazaki factory, were pledged as collateral at March 31, 2015 and 2014, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Buildings and structures	¥13,098	¥13,757	$109,003
Machinery and equipment	—	15,699	—
Tools, furniture and fixtures	—	280	—
Land	985	985	8,203
	¥14,084	¥30,722	$117,207

The following groups of assets of MMC, the Mizushima factory, were pledged as collateral at March 31, 2015 and 2014, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Buildings and structures	¥6,359	¥ 6,649	$52,917
Machinery and equipment	—	14,091	—
Tools, furniture and fixtures	—	799	—
Land	2,008	2,008	16,716
	¥8,367	¥23,549	$69,633

The following groups of assets of MMC, the Kyoto factory, were pledged as collateral at March 31, 2015 and 2014, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Buildings and structures	¥4,176	¥ 4,728	$34,750
Machinery and equipment	—	12,376	—
Tools, furniture and fixtures	—	594	—
Land	2,235	2,235	18,600
	¥6,411	¥19,935	$53,350

The following groups of assets of MMC, the Shiga factory, were pledged as collateral at March 31, 2015 and 2014, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Buildings and structures	¥1,934	¥ 2,191	$16,099
Machinery and equipment	—	6,360	—
Land	3,859	3,859	32,117
	¥5,794	¥12,411	$48,216

The following groups of assets of a consolidated subsidiary, Pajero Manufacturing Corporation, were pledged as collateral at March 31, 2015 and 2014, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Buildings and structures	¥2,357	¥2,466	$19,621
Machinery and equipment	2,363	2,497	19,671
Land	1,540	1,540	12,815
	¥6,261	¥6,503	$52,107

The obligations secured by such collateral at March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Short-term loans payable	¥ 84,457	¥ 82,436	$702,813
Current portion of long-term debt	12,765	14,345	106,225
Long-term debt	21,348	24,902	177,656
	¥118,571	¥121,684	$986,694

8. Net Assets

Under the Company Act, the amount available for distribution is calculated as of the effective date which is determined by the resolution of the shareholders at the shareholders' meeting. Such amount is calculated based on the amount of capital surplus, exclusive of additional paid-in capital, and retained earnings, exclusive of retained earnings appropriated for legal reserve. The Company Act provides that an amount equal to 10% of the amount to be disbursed as a distribution of earnings should be appropriated to a legal reserve until the sum of the legal reserve and capital surplus equals at least 25% of common stock. MMC and its domestic subsidiaries have provided these amounts in accordance with the Company Act.

(a) Shares issued and outstanding / Treasury stock

For the year ended March 31, 2014

In the year ended March 31, 2014, MMC decreased capital stock through a transfer to capital surplus, and decreased capital surplus immediately thereafter to offset the accumulated deficit brought forward in accordance with the Company Act.

In the year ended March 31, 2014, MMC issued 217,750,000 shares of common stock through a public offering and 20,419,700 shares of common stock through a third-party allotment for consideration of ¥266,750 million, and this was recorded as increases in capital stock and capital surplus of equal amounts. MMC then decreased capital stock and transferred to capital surplus. MMC then purchased certain of its preferred stock using part of the proceeds of the above mentioned common stock issue and subsequently retired such treasury stock. In addition, in the year ended March 31, 2014, MMC issued common stock on the conversion of all the outstanding preferred stock, and as a result, there was no preferred stock outstanding at March 31, 2014.

For the year ended March 31, 2015

No significant items to be reported for the year ended March 31, 2015.

(b) Dividends

(1) Dividends paid

For the year ended March 31, 2015

Resolution	Type of shares	Total dividends (In millions of yen)	Total dividends (In millions of U.S. dollars)	Dividends per share (In yen)	Dividends per share (In U.S. dollars)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2014	Common stock	¥24,586	$204,593	¥25.0	$0.21	March 31, 2014	June 26, 2014
Board of Directors meeting held on October 29, 2014	Common stock	¥ 7,375	$ 61,378	¥ 7.5	$0.06	September 30, 2014	December 8, 2014

(Note) Dividends per share of 25 yen resolved by the Ordinary General Meeting of Shareholders held on June 25, 2014 included a special dividend of 10 yen per share.
No items to be reported for the year ended March 31, 2014.

(2) Dividends with the cut-off date falling within the current year and the effective date in the next fiscal year

Dividends with the cut-off date in the year ended March 31, 2015 and the effective date in the year ended March 31, 2016

Expected Resolution	Type of shares	Total dividends (In millions of yen)	Total dividends (In millions of U.S. dollars)	Source of dividends	Dividends per share (In yen)	Dividends per share (In U.S. dollars)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders to be held on June 24, 2015	Common stock	¥8,359	$69,561	Retained earnings	¥8.5	$0.07	March 31, 2015	June 25, 2015

Dividends with the cut-off date in the year ended March 31, 2014 and the effective date in the year ended March 31, 2015

Expected Resolution	Type of shares	Total dividends (In millions of yen)	Source of dividends	Dividends per share (In yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders to be held on June 25, 2014	Common stock	¥24,586	Retained earnings	¥25.0	March 31, 2014	June 26, 2014

(Note) Dividends per share of 25 yen were included a special dividend of 10 yen per share.

9. Contingent Liabilities

Loan guarantees given in the ordinary course of business amounted to ¥9,562 million ($79,575 thousand) and ¥14,065 million at March 31, 2015 and 2014, respectively.

10. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Advertising and promotion expenses	¥101,206	¥106,143	$ 842,194
Freightage expense	59,517	56,595	495,279
Allowance for doubtful accounts	(367)	(1,144)	(3,055)
Directors' compensations, salaries and allowances	67,539	64,515	562,034
Retirement benefit expenses	3,926	5,155	32,675
Depreciation	9,131	9,129	75,985
Research and development expenses	45,057	36,714	374,946
Other	51,712	49,687	430,330
Total	¥337,724	¥326,797	$2,810,391

11. Other Gain (Loss), Net

Other gain (loss), net for the years ended March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Equity in earnings of affiliates	¥ 10,613	¥ 7,373	$ 88,319
Foreign exchange gains (losses)	4,119	16,674	34,277
Share issuance cost	—	(12,639)	—
Litigation expenses	(1,356)	(1,031)	(11,286)
Gain (loss) on sales and retirement of property, plant and equipment, net	(2,623)	(4,038)	(21,832)
Gain on sales of investment securities	12	205	107
Gain on sales of subsidiaries and affiliates' stocks	717	802	5,972
Loss on sales of subsidiaries and affiliates' stocks	(517)	(185)	(4,306)
Impairment loss	(20,145)	(6,902)	(167,639)
Gain on revision of retirement benefit plan	2,448	—	20,377
Other	(2,620)	(3,508)	(21,808)
Total	¥ (9,351)	¥ (3,251)	$ (77,817)

12. Comprehensive Income

Reclassification adjustments to the Consolidated Statements of Income and tax effects related to other comprehensive income for the years ended March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Valuation difference on available-for-sale securities:			
Amount arising in the year	¥ 2,616	¥ 890	$ 21,775
Reclassification adjustments for gains and losses included in net income (loss)	(12)	(6)	(101)
Before tax effect	2,604	884	21,673
Tax effect	(557)	(325)	(4,638)
Valuation difference on available-for- sale securities	2,047	558	17,034
Deferred gains or losses on hedges:			
Amount arising in the year	2,062	(102)	17,165
Reclassification adjustments for gains and losses included in net income (loss)	(1,487)	(4,181)	(12,376)
Before tax effect	575	(4,283)	4,788
Tax effect	(191)	845	(1,595)
Deferred gains or losses on hedges	383	(3,438)	3,193
Foreign currency translation adjustment:			
Amount arising in the year	30,750	7,441	255,894
Reclassification adjustments for gains and losses included in net income (loss)	—	179	—
Foreign currency translation adjustment	30,750	7,621	255,894
Remeasurements of defined benefit plans:			
Amount arising in the year	(5,938)	—	(49,415)
Reclassification adjustments for gains and losses included in net income (loss)	(2,177)	—	(18,120)
Before tax effect	(8,115)	—	(67,536)
Tax effect	173	—	1,441
Remeasurements of defined benefit plans	(7,942)	—	(66,094)
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising in the year	6,816	10,010	56,722
Reclassification adjustments for gains and losses included in net income (loss)	(4,043)	(74)	(33,648)
Share of other comprehensive income of associates accounted for using equity method	2,772	9,936	23,073
Total other comprehensive income	¥28,011	¥14,677	$233,101

13. Cash Flow Information

Cash and cash equivalents at March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Cash and bank deposits	¥440,272	¥450,063	$3,663,751
Time deposits with maturities of more than three months	(44,746)	(38,368)	(372,359)
Cash and cash equivalents	¥395,526	¥411,695	$3,291,391

Interest paid less interest received and dividends received included in Other, net within operating activities in the consolidated statements of cash flows for the years ended March 31, 2015 and 2014 amounted to a net income of ¥7,026 million ($58,468 thousand) and to a net expense of ¥57 million, respectively. Income taxes paid included in Other, net within operating activities in the consolidated statements of cash flows for the years ended March 31, 2015 and 2014 amounted to ¥21,459 million ($178,577 thousand) and ¥23,404 million, respectively.

Purchases of property, plant and equipment within investing activities in the consolidated statements of cash flows for the years ended March 31, 2015 and 2014 include payments for the acquisition of lease vehicles of ¥22,059 million ($183,567 thousand) and ¥26,124 million, respectively.

Proceeds from sales of property, plant and equipment within investing activities in the consolidated statements of cash flows for the years ended March 31, 2015 and 2014 include proceeds from the sale of lease vehicles of ¥9,158 million ($76,213 thousand) and ¥10,184 million, respectively.

Changes in finance receivables within operating activities in the consolidated statements of cash flows for the years ended March 31, 2015 and 2014 are primarily the net of payments amounting to ¥126,049 million ($1,048,928 thousand) and ¥111,335 million, respectively, and proceeds from collections amounting to ¥128,874 million ($1,072,432 thousand) and ¥123,585 million, respectively.

For the year ended March 31, 2014, treasury stock of ¥181,709 million was retired as a non-cash transaction.

14. Leases

As lessee

(a) Finance lease transactions that do not involve transfer of ownership to the lessee

(1) Description of the leased assets:

Property, plant and equipment

Leased assets principally include, but are not limited to, production facilities for the automobile business (“Machinery and equipment (net)” and “Tool, furniture and fixtures (net)”).

(2) Depreciation method of leased assets

Leased assets under finance leases that do not involve transfer of ownership to the lessee, are depreciated using the straight line method based on the contract term of the lease agreement. If the guaranteed residual value is determined in the lease agreement, the said guaranteed residual value is deemed as the residual value of such leased assets. If the residual value is not determined, it is deemed to be zero.

(b) Operating lease transactions

Future minimum lease payments required under non-cancellable operating lease transactions entered into by MMC and its consolidated subsidiaries at March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Due within 1 year	¥ 2,116	¥ 1,709	$17,612
Due after 1 year	9,690	9,911	80,637
Total	¥11,806	¥11,620	$98,249

As lessor

Future minimum lease revenues from non-cancellable operating lease transactions entered into by MMC and its consolidated subsidiaries as lessor at March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Due within 1 year	¥ 9,472	¥ 7,130	$ 78,825
Due after 1 year	11,412	9,528	94,972
Total	¥20,885	¥16,659	$173,797

15. Financial Instruments

For the years ended March 31, 2015 and 2014

Overview of financial instruments

(a) Our policy to manage financial instruments

Capital management policy of MMC group (the "Group") is to limit its investments to low risk financial products and to obtain its required funds mainly through bank borrowings. We use derivative instruments to hedge interest rate, foreign currency and similar risks, and we do not enter into any speculative transactions.

(b) Nature and risks of financial instruments and our risk management structure

Trade receivables, which include notes receivable and accounts receivable, are exposed to the credit risk of our customers. To manage this risk, in accordance with the Group's credit control rules, each group company monitors the financial condition of its major customers, as well as managing the maturity profiles and outstanding balances of the receivables on a customer by customer basis.

Trade receivables denominated in foreign currency are exposed to foreign currency risk. In principle, forward foreign exchange contracts are used to hedge the net position after offsetting foreign currency denominated payables.

Some investment securities are exposed to the risk of market price fluctuation. However, such securities are composed of mainly the stocks of companies with which the Group has business relationships.

Trade payables, which include notes payable and accounts payable, and Electronically recorded obligations are mostly expected to be settled within one year. While trade payables include certain payables denominated in foreign currencies, in principle these are managed by netting against foreign currency denominated receivables.

Floating rate bank borrowings are exposed to interest rate risk. For some of our long-term bank borrowings, derivative transactions (interest rate swaps) are used as hedging instruments on an individual loan contract basis to hedge the interest payable fluctuation risk. Such transactions meet the criteria of special accounting provisions for interest rate swaps, and therefore hedge effectiveness assessment is not required.

Certain intercompany loans are exposed to foreign currency risk, however derivative transactions are used as hedging instruments for some of these loans.

In order to mitigate counterparty risks, the Group enters into derivative transactions only with highly rated financial institutions.

Trade payables and bank borrowings are exposed to liquidity risk. Each group company manages these risks, by preparing cash flow projections and other similar tools.

(c) Supplementary information about the fair value of financial instruments

The notional amount with respect to the derivative transactions presented in "Fair value of financial instruments" does not represent the amount of market risk associated with the relevant derivative transactions.

Fair value of financial instruments

The carrying amount, fair value, and the difference between the carrying amount and the fair value of the financial instruments at March 31, 2015 and 2014 were as follows. These financial instruments do not include any financial instrument for which it is extremely difficult to reasonably measure fair value. (Refer to Note 15.2)

	(In millions of yen)		
	March 31, 2015		
	Carrying amount	Fair value	Difference
Cash and bank deposits	¥440,272	¥440,272	¥ —
Notes and accounts receivable–trade	184,653	184,653	—
Finance receivables	78,149		
Allowance for doubtful accounts (*1)	(2,414)		
	75,734	76,350	615
Investment (*2)	21,151	21,151	—
Total assets	¥721,812	¥722,427	¥615
Notes and accounts payable–trade	¥353,862	¥353,862	¥ —
Electronically recorded obligations	21,018	21,018	—
Short-term loans payable	90,907	90,907	—
Long-term loans payable	53,557	53,539	(17)
Accounts payable – other and accrued expenses (*3)	122,128	122,128	—
Total liabilities	¥641,474	¥641,456	¥ (17)
Derivative transactions (*4)	50	50	—

	(In thousands of U.S. dollars)		
	March 31, 2015		
	Carrying amount	Fair value	Difference
Cash and bank deposits	$3,663,751	$3,663,751	$ —
Notes and accounts receivable–trade	1,536,599	1,536,599	—
Finance receivables	650,321		
Allowance for doubtful accounts (*1)	(20,090)		
	630,230	635,351	5,120
Investment (*2)	176,013	176,013	—
Total assets	$6,006,594	$6,011,715	$5,120
Notes and accounts payable–trade	$2,944,679	$2,944,679	$ —
Electronically recorded obligations	174,904	174,904	—
Short-term loans payable	756,493	756,493	—
Long-term loans payable	445,681	445,535	(146)
Accounts payable – other and accrued expenses (*3)	1,016,297	1,016,297	—
Total liabilities	$5,338,057	$5,337,910	$ (146)
Derivative transactions (*4)	421	421	—

(*1) Allowance for doubtful accounts recognized for individual financial receivable is deducted from the carrying amounts directly.
(*2) Investments presented in the consolidated balance sheets consist of: investment securities of ¥74,298 million ($618,275 thousand), which include securities with market value of ¥21,151 million ($176,013 thousand) and non-listed stocks and stocks of unconsolidated subsidiaries and affiliates of ¥53,146 million ($442,262 thousand) (refer to Note 15.2); and other investments in unconsolidated subsidiaries and affiliates of ¥48,572 million ($404,199 thousand) at March 31, 2015.
(*3) Accounts payable – other and accrued expenses presented in the balance sheets consist of accrued expenses and accounts payable of ¥122,128 million ($1,016,297 thousand) and allowance for product warranties of ¥34,108 million ($283,831 thousand) at March 31, 2015.
(*4) The amount of the receivable/payable derived from derivative transactions is presented on a net basis.

	(In millions of yen)		
	March 31, 2014		
	Carrying amount	Fair value	Difference
Cash and bank deposits	¥450,063	¥450,063	¥ —
Notes and accounts receivable–trade	173,535	173,535	—
Finance receivables	69,579		
Allowance for doubtful accounts (*1)	(2,673)		
	66,905	66,022	(883)
Investment (*2)	18,572	18,572	—
Total assets	¥709,077	¥708,194	¥(883)
Notes and accounts payable–trade	¥346,579	¥346,579	¥ —
Electronically recorded obligations	9,145	9,145	—
Short-term loans payable	121,074	121,074	—
Long-term loans payable	101,283	101,696	412
Accounts payable – other and accrued expenses (*3)	113,893	113,893	—
Total liabilities	¥691,976	¥692,389	¥ 412
Derivative transactions (*4)	(468)	(468)	—

(*1) Allowance for doubtful accounts recognized for individual financial receivable is deducted from the carrying amounts directly.
(*2) Investments presented in the consolidated balance sheets consist of: investment securities of ¥71,759 million, which include securities with market value of ¥18,572 million and non-listed stocks and stocks of unconsolidated subsidiaries and affiliates of ¥53,187 million (refer to Note 15.2); and other investments in unconsolidated subsidiaries and affiliates of ¥41,038 million at March 31, 2014.
(*3) Accounts payable – other and accrued expenses presented in the balance sheets consist of accrued expenses and accounts payable of ¥113,893 million and allowance for product warranties of ¥31,993 million at March 31, 2014.
(*4) The amount of the receivable/payable derived from derivative transactions is presented on a net basis.

(Note)

1. Method for measuring the fair value of financial instruments, other securities and derivative transactions

Assets

Cash and bank deposits

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are nearly equal to the carrying amounts.

Notes and accounts receivable – trade

The carrying amounts are used as fair values as these items are generated in the normal course of business operations and principally settled within a short period of time and the fair values are nearly equal to the carrying amounts.

Finance receivables

Finance receivables are classified by certain terms to maturity, and their fair values are determined based on the present values of the respective future cash flows discounted using appropriate rates, such as the rates of government bonds after adding credit risk premiums based on the credit risk classes.

Investments

The fair values of investments are based on their respective market values. Refer to Note 5, "Investments", regarding the details of securities classified by purpose for holding.

Liabilities

Notes and accounts payable – trade, Electronically recorded obligations, Short-term loans payable and Accounts payable – other and accrued expenses

The carrying amounts are used as fair values of these items as these items are settled within a short period of time and the fair values are nearly equal to such carrying amounts.

Long-term loans payable

Long-term loans payable are classified by certain terms to maturity, and their fair values are determined based on the respective present values of the total amount of principal and interest discounted using the prevailing interest rates that would be applied if similar loans were made at the valuation date.

Derivative transactions

Refer to Note 16, "Derivative Financial Instruments".

2. Financial instruments for which it is extremely difficult to reasonably measure fair value

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Non-listed stocks and stocks of unconsolidated subsidiaries and affiliates	¥53,146	¥53,187	$442,262

These financial instruments do not have any quoted market price and the future cash flow cannot be estimated, and consequently they are considered to be extremely difficult to reasonably measure fair value. Accordingly, such financial instruments are not included in measuring the fair value of Investments as described above.

3. Maturity profile of monetary receivables subsequent to March 31, 2015

	(In millions of yen)		
	March 31, 2015		
	Bank deposits	Notes and accounts receivable–trade	Finance receivables
2016	¥439,901	¥184,653	¥37,702
2017	—	—	5,411
2018	—	—	6,408
2019	—	—	7,770
2020	—	—	10,856
Thereafter	—	—	9,998
Total	¥439,901	¥184,653	¥78,149

	(In thousands of U.S. dollars)		
	March 31, 2015		
	Bank deposits	Notes and accounts receivable–trade	Finance receivables
2016	$3,660,659	$1,536,599	$313,742
2017	—	—	45,035
2018	—	—	53,330
2019	—	—	64,664
2020	—	—	90,343
Thereafter	—	—	83,203
Total	$3,660,659	$1,536,599	$650,321

4. Maturity profile of the long-term loans payable subsequent to March 31, 2015

Refer to Note 7 "Short-term Loans payable, Long-term Debt and Lease Obligations".

16. Derivative Financial Instruments

Summarized below are the notional amounts and the estimated fair values (based on the prices provided by counterparty financial institutions) of the derivative positions at March 31, 2015 and 2014:

(a) Derivative transactions that are not subject to hedge accounting

Forward foreign exchange contracts and cross currency swaps

	(In millions of yen)			
	March 31, 2015			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:				
Sell:				
Other	¥ 517	¥—	¥ 28	¥ 28
Buy:				
US $	5,403	—	7	7
Japanese ¥	1,610	—	(12)	(12)
Total	—	—	¥ 23	¥ 23

	(In thousands of U.S. dollars)			
	March 31, 2015			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:				
Sell:				
Other	$ 4,309	$—	$ 233	$ 233
Buy:				
US $	44,964	—	60	60
Japanese ¥	13,404	—	(102)	(102)
Total	—	—	$ 192	$ 192

	(In millions of yen)			
	March 31, 2014			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:				
Sell:				
US $	¥ 2,878	¥—	¥ 8	¥ 8
£ stg	236	—	0	0
Japanese ¥	10,807	—	42	42
Other	672	—	(1)	(1)
Total	—	—	¥49	¥49

The determination of fair values is based on quotations obtained from counterparty financial institutions.

Interest rate options

	(In millions of yen)			
	March 31, 2015			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Interest rate options:				
Buy:	¥2,858	¥2,858	¥29	¥29
Total	—	—	¥29	¥29

	(In thousands of U.S. dollars)			
	March 31, 2015			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Interest rate options:				
Buy:	$23,788	$23,788	$247	$247
Total	—	—	$247	$247

	(In millions of yen)			
	March 31, 2014			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Interest rate options:				
Buy:	¥2,580	¥2,580	¥54	¥54
Total	—	—	¥54	¥54

The determination of fair values is based on quotations obtained from counterparty financial institutions.

(b) Derivative transactions that are subject to hedge accounting

Forward foreign exchange contracts

No items to be reported for the year ended March 31, 2015

	(In millions of yen)			
	March 31, 2014			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Forward foreign exchange contracts:				
Sell:	Foreign currency forecast transaction			
US $		¥ 8,570	¥—	¥ (71)
Euro		4,376	—	(12)
£ stg		2,356	—	(39)
Australian $		12,692	—	(256)
Other		7,002	—	(131)
Buy:				
Japanese ¥		635	—	(42)
Total		—	—	¥(553)

The determination of fair values is based on quotations obtained from counterparty financial institutions.

Interest rate swaps

	(In millions of yen)			
	March 31, 2015			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Pay-fixed, receive-floating (recorded as fair value):	Debt	¥8,328	¥8,328	¥(2)
Pay-fixed, receive-floating (special hedge provisions):	Debt	275	185	(*)
Total		—	—	¥(2)

	(In thousands of U.S. dollars)			
	March 31, 2015			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Pay-fixed, receive-floating (recorded as fair value):	Debt	$69,309	$69,309	$(17)
Pay-fixed, receive-floating (special hedge provisions):	Debt	2,288	1,539	(*)
Total		—	—	$(17)

(*) As interest rate swaps under the special hedge provisions are accounted together with the corresponding hedged item (debt), their fair values are reflected in the fair value of loans payable.

	(In millions of yen)			
	March 31, 2014			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Pay-fixed, receive-floating (recorded as fair value):	Debt	¥29,496	¥29,496	¥(18)
Pay-fixed, receive-floating (special hedge provisions):	Debt	7,615	275	(*)
Total		—	—	¥(18)

(*) As interest rate swaps under the special hedge provisions are accounted together with the corresponding hedged item (debt), their fair values are reflected in the fair value of loans payable.

17. Retirement Benefits

MMC and its consolidated subsidiaries have defined benefit pension plans including contributory plans in accordance with the Welfare Pension Institute Law of Japan, defined benefit corporate pension plans and lump-sum payment plans, and defined contribution pension plans. Additional retirement benefits are paid in certain cases upon an employee's retirement and similar. Some of the consolidated subsidiaries adopt the simplified method for the calculation of retirement benefit obligation.

Effective from February 1, 2015, MMC has transferred from a defined benefit corporate pension plan to a defined contribution pension plan.

Some of the consolidated subsidiaries have multi-employer pension plans and since the portion of plan assets belonging to a multi-employer pension plan could not be reasonably calculated, the required contribution amount is accounted as a defined contribution plan.

Defined benefit plan

The changes in the retirement benefit obligation during the year ended March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Retirement benefit obligation at beginning of year	¥192,213	¥185,113	$1,599,511
Cumulative effects of changes in accounting policies	(6,168)	—	(51,328)
Restated balance	186,045	185,113	1,548,183
Service costs	8,733	7,628	72,677
Interest costs	3,687	4,734	30,687
Actuarial losses	9,251	205	76,987
Retirement benefit paid	(12,136)	(9,269)	(100,996)
Prior service cost	79	—	658
Exchange translation differences	9,870	4,124	82,137
Decrease due to transfer to defined contribution pension plan	(15,739)	—	(130,981)
Other	(838)	(322)	(6,979)
Retirement benefit obligation at end of year	¥188,952	¥192,213	$1,572,375

The changes in plan assets during the year ended March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Plan assets at beginning of year	¥ 86,350	¥75,217	$ 718,566
Expected return on plan assets	4,982	4,490	41,461
Actuarial losses	5,683	3,100	47,294
Contributions by the Company	2,844	3,130	23,672
Retirement benefit paid	(6,093)	(3,376)	(50,708)
Exchange translation differences	8,989	3,788	74,804
Decrease due to transfer to defined contribution pension plan	(15,502)	—	(129,006)
Other	(299)	(0)	(2,489)
Plan assets at end of year	¥ 86,954	¥86,350	$ 723,594

The following table sets out the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2015 and 2014 for the MMC and consolidated subsidiaries' defined benefit plans:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Funded retirement benefit obligation	¥ 88,706	¥ 82,704	$ 738,173
Plan assets at fair value	(86,954)	(86,350)	(723,594)
	1,751	(3,645)	14,579
Unfunded retirement benefit obligation	100,246	109,508	834,202
Net liability for retirements benefits in the balance sheet	101,998	105,863	848,781
Net defined benefit liability	106,821	113,747	888,922
Net defined benefit asset	(4,823)	(7,884)	(40,140)
Net liability for retirement benefits in the balance sheet	¥101,998	¥105,863	$ 848,781

The components of retirement benefit expenses for the year ended March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Service costs	¥ 8,733	¥ 7,628	$ 72,677
Interest costs	3,687	4,734	30,687
Expected return on plan assets	(4,982)	(4,490)	(41,461)
Amortization of actuarial losses	796	2,667	6,626
Amortization of prior service costs	(1,576)	(688)	(13,117)
Gain due to transfer to defined contribution pension plan	(2,448)	—	(20,377)
Other	1	—	16
Retirement benefit expenses	¥ 4,212	¥ 9,850	$ 35,052

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the year ended March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Prior service costs	¥4,282	¥—	$35,634
Actuarial losses	3,833	—	31,901
Total	¥8,115	¥—	$67,536

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Unrecognized prior service costs	¥ (5,015)	¥ (9,310)	$ (41,740)
Unrecognized actuarial losses	16,603	13,095	138,162
Total	¥11,587	¥ 3,784	$ 96,422

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and March 31, 2014 are as follows:

	March 31,	
	2015	2014
Bonds	61%	49%
Stocks	27	36
Cash on hand and in banks	4	5
Life insurance company account	5	5
Other	3	5
Total	100%	100%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

		March 31,	
		2015	2014
Discount rates	Domestic subsidiaries	0.3% ~ 0.8%	0.9% ~ 2.0%
	Foreign subsidiaries	2.4% ~ 5.4%	3.7% ~ 5.2%
Expected rates of return on plan assets	Domestic subsidiaries	0.7% ~ 4.0%	0.7% ~ 4.0%
	Foreign subsidiaries	2.4% ~ 7.2%	4.1% ~ 8.0%
Rates of compensation increase	Domestic subsidiaries	1.0% ~ 5.3%	1.0% ~ 5.3%
	Foreign subsidiaries	2.0% ~ 6.5%	2.0% ~ 6.5%

Defined contribution plans

Contributions for defined contribution plans (including multi-employer pension plans that accounted as a defined contribution plan) for the year ended March 31, 2015 and 2014 were ¥2,896 million ($24,099 thousand) and ¥2,696 million, respectively.

Information of multi-employer pension plans which the required contribution has been accounted for as retirement benefit expenses were as follows at March 31, 2014 and 2013:

	(In millions of yen)	
	March 31,	
	2014	2013
Pension Plan assets	¥27,789	¥26,943
Total amount of actuarial pension obligations and the minimum reserve based on the pension funding calculation	28,594	26,319
Difference	¥ (805)	¥ 624

The above difference was mainly due to unrecognized prior service costs of ¥1,064 million and ¥1,128 million at March 31, 2014 and 2013. Unrecognized prior service costs are amortized by the straight line method over periods of 20 years. The approximate ratio of the Group's share of accumulated contributions in the multi-employee plan obligation is 57.3% and 57.2% as of March 31, 2014 and 2013. This ratio does not necessarily match the amount of the Group's share of the actuarially estimated pension benefit obligation.

18. Income Taxes

MMC and its domestic consolidated subsidiaries are subject to corporate, resident and enterprise taxes based on their taxable income. Income taxes of the foreign consolidated subsidiaries are generally calculated based on the tax rates applicable in their countries of incorporation. The consolidated tax payment system is applied in Japan for the years ended March 31, 2015 and 2014.

The effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2015 and 2014 differ from the statutory tax rates for the following reasons:

	(%)	
	For the years ended March 31,	
	2015	2014
Statutory income tax rate for MMC	35.2	37.6
Equity in earnings of affiliates	(2.9)	(2.4)
Dividends received deduction	(0.9)	(0.5)
Difference in tax rate of overseas subsidiaries and others	(4.5)	(9.0)
Effect of valuation allowance changes	(19.6)	(17.2)
Income taxes as a percentage of income before income taxes and minority interests	7.3	8.6

The significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Deferred tax assets:			
Net operating losses carried forward	¥ 116,015	¥ 126,416	$ 965,427
Net defined benefit liability	32,435	40,429	269,911
Allowance for doubtful accounts	2,278	3,115	18,960
Allowance for product warranties	12,074	10,811	100,475
Accounts payable – warranties	15,214	19,432	126,611
Fixed assets (incl. impairment losses)	39,799	32,456	331,194
Others	31,526	26,884	262,348
Less valuation allowance	(186,150)	(210,563)	(1,549,063)
Total deferred tax assets	63,193	48,984	525,865
Deferred tax liabilities:			
Unrealized holding gain on securities	(3,662)	(3,100)	(30,475)
Fair value adjustments relating to land	(3,365)	(3,739)	(28,008)
Reserves under the Special Taxation Measures Law	(207)	(230)	(1,728)
Accelerated depreciation in overseas consolidated subsidiaries	(24,855)	(20,418)	(206,832)
Others	(26,426)	(24,220)	(219,913)
Total deferred tax liabilities	(58,517)	(51,709)	(486,958)
Net deferred tax liabilities	¥ 4,675	¥ (2,725)	$ 38,906

Deferred tax assets and liabilities at March 31, 2015 and 2014 are included in the accompanying consolidated balance sheets as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Current assets	¥ 24,742	¥ 15,445	$ 205,895
Non-current assets	9,914	9,898	82,507
Current liabilities	(11)	(15)	(91)
Non-current liabilities	(29,970)	(28,053)	(249,404)
Net deferred tax liabilities	¥ 4,675	¥ (2,725)	$ 38,906

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure MMC's deferred tax assets and liabilities was changed from 35.2% to 32.7% and 31.9% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015 and for the temporary differences expected to be realized or settled from April 1, 2016, respectively. The effect of this change was immaterial.

19. Asset Retirement Obligations

(a) Overview

MMC and its consolidated subsidiaries have obligations associated with the restoration and removal of tangible fixed assets at the end of lease terms pertaining to certain property lease agreements, and have obligations associated with removal of hazardous substances.

(b) Method for measuring the amount of asset retirement obligations

The useful lives of assets from acquisition or construction date has been estimated ranging from 2 to 60 years, and the amount of asset retirement obligations has been measured using the discount rates ranging from 0.2% to 4.4%.

(c) Changes in the amount of asset retirement obligations

Changes in the amount of asset retirement obligations for the years ended March 31, 2015 and 2014 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2015	2014	2015
Balance at beginning of year	¥5,247	¥ 7,386	$43,669
Increase due to the acquisition of property, plant and equipment	5	47	45
Discount accretion expense	109	112	914
Decrease due to the settlement of asset retirement obligations	(156)	(972)	(1,305)
Decrease due to change in estimate	—	(1,289)	—
Others (*)	(9)	(37)	(75)
Balance at end of year	¥5,197	¥ 5,247	$43,249

(*) Others include foreign currency translation adjustments and the effect of deconsolidation.

20. Investment and Rental Property

For the years ended March 31, 2015 and 2014, no disclosures are provided as investment and rental property is considered immaterial.

21. Segment Information

(a) Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available, and for which operating results are regularly reviewed by MMC's decision making bodies including the Board of Directors to determine resource allocation to the segments and to assess their performance.

The main business of the Group is automobile business, involving development, design, manufacturing and sales of automobiles and component parts. In addition, as financial service business, we engage in sales finance and leasing services for Group products. Accordingly, based on the types of products and services offered, the Group determined "automobile business" and "financial service business" as two reportable segments.

(b) Basis of calculating net sales, income (loss), assets and other amounts of each reportable segment

The accounting policies of the segments are substantially the same as those described in Note 1.

(c) Net sales, income (loss), assets and others of reportable segments

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2015	2014	2015
Net sales:			
Automobiles	¥2,166,214	¥2,081,212	$18,026,251
Financial services	14,640	12,157	121,830
Total	2,180,854	2,093,370	18,148,081
Adjustment	(126)	38	(1,050)
Grand total	¥2,180,728	¥2,093,409	$18,147,031
Segment income (loss):			
Automobiles	¥ 135,105	¥ 121,879	$ 1,124,282
Financial services	934	1,516	7,773
Total	136,039	123,395	1,132,056
Adjustment	(126)	38	(1,050)
Grand total	¥ 135,913	¥ 123,434	$ 1,131,006
Segment assets:			
Automobiles	¥1,422,733	¥1,412,527	$11,839,337
Financial services	141,579	119,386	1,178,163
Total	1,564,313	1,531,913	13,017,501
Adjustment	18,488	11,976	153,856
Grand total	¥1,582,802	¥1,543,890	$13,171,357
Depreciation: (Note (3))			
Automobiles	¥ 53,758	¥ 53,182	$ 447,350
Financial services	8,648	6,029	71,969
Grand total	¥ 62,406	¥ 59,211	$ 519,319
Investment accounted for using the equity method:			
Automobiles	¥ 85,790	¥ 79,551	$ 713,905
Financial services	9,010	7,850	74,978
Total	94,800	87,401	788,884
Adjustment	(731)	(605)	(6,091)
Grand total	¥ 94,068	¥ 86,795	$ 782,793
Increase in property, plant and equipment and intangible assets: (Note (3))			
Automobiles	¥ 69,868	¥ 74,150	$ 581,412
Financial services	23,774	25,396	197,841
Grand total	¥ 93,642	¥ 99,546	$ 779,253

(Note)

(1) Adjustment represents the elimination of intersegment transactions and others.

(2) Segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated financial statements.

(3) Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and amortization thereof.

(Related information)

(a) Information by products and services

The information is not shown here, as the classification is the same as that of the reportable segments.

(b) Information by geographic region

(1) Net sales

Net sales are classified by the geographical location of the customers.

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2015	2014	2015
Japan	¥ 445,255	¥ 474,088	$ 3,705,213
North America	275,837	229,382	2,295,395
Europe	514,388	484,300	4,280,509
Asia	424,509	415,704	3,532,576
(Thailand)	(127,212)	(161,693)	(1,058,605)
Oceania	217,840	208,921	1,812,769
Other	302,896	281,011	2,520,566
Total	¥2,180,728	¥2,093,409	$18,147,031

(Note)
Main countries and regions outside Japan are grouped as follows:
(1) North America ....The United States
(2) Europe ....Russia, The United Kingdom, Germany, France, The Netherlands
(3) Asia ....Thailand, The Philippines, China, Indonesia,
(4) Oceania ....Australia, New Zealand
(5) Other ....Brazil, U.A.E., Puerto Rico

(2) Property, plant and equipment

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2015	2014	2015
Japan	¥246,790	¥264,542	$2,053,674
North America	54,114	58,572	450,315
Thailand	88,115	61,831	733,261
Other	17,290	15,855	143,879
Total	¥406,310	¥400,801	$3,381,131

(Supplementary information)

Net sales and operating income (loss) classified by the geographic location of MMC and its consolidated subsidiaries

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2015	2014	2015
Net sales:			
Japan	¥1,839,624	¥1,744,352	$15,308,520
North America	305,543	267,262	2,542,595
Europe	79,620	128,651	662,567
Asia	634,346	616,680	5,278,742
Oceania	218,009	209,093	1,814,178
Other	28,899	30,414	240,488
Total	3,106,045	2,996,453	25,847,092
Adjustment	(925,316)	(903,044)	(7,700,061)
Grand total	¥2,180,728	¥2,093,409	$18,147,031
Operating income (loss):			
Japan	¥ 85,982	¥ 68,387	$ 715,504
North America	2,543	2,718	21,167
Europe	7,954	8,225	66,189
Asia	28,189	42,300	234,577
Oceania	10,727	4,682	89,267
Other	630	1,046	5,248
Total	136,027	127,361	1,131,954
Adjustment	(113)	(3,927)	(948)
Grand total	¥ 135,913	¥ 123,434	$ 1,131,006

(Note)
Main countries and regions outside Japan are grouped as follows:
(1) North America .... The United States
(2) Europe .... The Netherlands, Russia,
(3) Asia .... Thailand, The Philippines
(4) Oceania .... Australia, New Zealand
(5) Other .... U.A.E., Puerto Rico

Information on major customers

	For the year ended March 31,	
	2015	2014
Customer:	Mitsubishi Corporation	Mitsubishi Corporation
Net sales:	¥300,086 million ($2,497,184 thousand)	¥272,020 million ($2,643,031 thousand)
Relevant segment	Automobiles	Automobiles

Information on impairment losses relating to property, plant equipment by reportable segments

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Automobiles	¥20,145	¥6,902	$167,639
Financial services	—	—	—
Total	¥20,145	¥6,902	$167,639

Information on the amortization and balance of goodwill by reportable segments

No significant items to be reported for the years ended March 31, 2015 and 2014.

Information on gains due to negative goodwill by reportable segments

Not applicable for the year ended March 31, 2015 and no significant items to be reported for the year ended March 31, 2014.

22. Related Party Transactions

MMC entered into the following transactions with related parties during the years ended March 31, 2015 and 2014:

Related Party Transactions

Transactions between MMC and the Related Parties

Transactions with the parent or major shareholders (major corporate shareholders) of the reporting company (MMC)

	March 31, 2015
Party type:	Major shareholder
Party name:	Mitsubishi Corporation
Address:	Chiyoda-Ku, Tokyo, Japan
Capital:	¥204,447 million ($1,701,314 thousand)
Business:	Wholesale trading
% of voting stock held:	Direct 10.07 Indirect 0.00
Relationship with the Related Party:	Sales of products; import of materials for production; mutual directorships
Detail of transaction:	Sales of products
Transaction amount:	¥300,078 million ($2,497,118 thousand)
Account title:	Accounts receivable
Balance at year end:	¥23,444 million ($195,098 thousand)

	March 31, 2014
Party type:	Major shareholder
Party name:	Mitsubishi Corporation
Address:	Chiyoda-Ku, Tokyo, Japan
Capital:	¥204,447 million
Business:	Wholesale trading
% of voting stock held:	Direct 10.07 Indirect 0.00
Relationship with the Related Party:	Sales of products; import of materials for production; mutual directorships
Detail of transaction:	Sales of products
Transaction amount:	¥272,016 million
Account title:	Accounts receivable
Balance at year end:	¥25,494 million

(Note)

1. Consumption tax is excluded from the transaction amount and included in the balance at year end.
2. Contract terms and the policy to determine the contract terms: Sales price of products is determined based on market price and overall cost.

23. Income and Equity per Share

Net income and equity per share of common stock for the years ended March 31, 2015 and 2014 are summarized as follows:

	(In yen)		(In U.S. dollars)
	March 31,		
	2015	2014	2015
Net income (loss) per share of common stock			
Basic	¥120.16	¥156.60	$1.00
Diluted	—	104.29	—
Stockholders' equity per share of common stock	669.74	549.63	5.57

(Note)
1. Ten shares of common stock were consolidated into one share on August 1, 2013. Net income per share were calculated as if the consolidation of shares had been carried out on the beginning of the year ended March 31, 2014.
2. Diluted net income per share was not included for the year ended March 31, 2015 since there were no potential shares outstanding.

The computations of net income per share of common stock for the years ended March 31, 2015 and 2014 are as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2015	2014	2015
Numerator for basic net income (loss) per share of common stock:			
Net income (loss)	¥118,170	¥104,664	$983,362
Income not available to common stockholders	—	—	—
Income available to common stockholders	¥118,170	¥104,664	$983,362
Denominator for net income (loss) per share of common stock:			
Weighted average number of shares (in thousands)	983,440	668,367	
Number of dilutive potential common shares (in thousands)	—	335,179	
(Preferred stock)	—	(335,179)	

24. Business Combinations and Divestitures

No significant matters to disclose.

25. Subsequent Event

No significant matters to disclose.

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Independent Auditor's Report

The Board of Directors
Mitsubishi Motors Corporation

We have audited the accompanying consolidated financial statements of Mitsubishi Motors Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsubishi Motors Corporation and consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 24, 2015

Consolidated Subsidiaries and Affiliates As of March 31, 2015

	Company	Incorporated in
Consolidated subsidiaries		
	Hokkaido Mitsubishi Motor Sales Co., Ltd.	Japan
	Higashi Nihon Mitsubishi Motor Sales Co., Ltd.	Japan
	Kanto Mitsubishi Motor Sales Co., Ltd.	Japan
	Chubu Mitsubishi Motor Sales Co., Ltd.	Japan
	Nishi Nihon Mitsubishi Motor Sales Co., Ltd.	Japan
	Pajero Manufacturing Co., Ltd.	Japan
	Mitsubishi Automotive Logistics Technology Co., Ltd.	Japan
	Mitsubishi Automotive Engineering Co., Ltd.	Japan
	Suiryo Plastics Co., Ltd.	Japan
	Mitsubishi Motors North America, Inc. (MMNA)*2	U.S.A.
	Mitsubishi Motors R&D of America, Inc. (MRDA)	U.S.A.
	Mitsubishi Motor Sales of Canada, Inc. (MMSCAN)	Canada
	Mitsubishi Motors Credit of America, Inc. (MMCA)	U.S.A.
	Mitsubishi Motor Sales of Caribbean, Inc. (MMSC)	Puerto Rico
	Mitsubishi Motors Europe B.V. (MME)	Netherlands
	Mitsubishi Motor R&D Europe GmbH (MRDE)	Germany
	Mitsubishi Motor Sales Netherlands B.V.	Netherlands
	MMC International Finance (Netherlands) B.V.	Netherlands
	Mitsubishi Motors Australia, Ltd. (MMAL)*2	Australia
	Mitsubishi Motors New Zealand Ltd. (MMNZ)	New Zealand
	Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)*2	Thailand
	MMTh Engine Co., Ltd.	Thailand
	Mitsubishi Motors Philippines Corp. (MMPC)	Philippines
	Asian Transmission Corp. (ATC)	Philippines
	Mitsubishi Motors Middle East and Africa FZE	U.A.E.
	Note: MMC has 17 other subsidiaries outside Japan in addition to the above.	
Equity-method affiliates		
	Muroran Mitsubishi Motor Sales Co., Ltd.	Japan
	Tokachi Mitsubishi Motor Sales Co., Ltd.	Japan
	Ibaraki Mitsubishi Motor Sales Co., Ltd.	Japan
	Mie Mitsubishi Motor Sales Co., Ltd.	Japan
	Kagawa Mitsubishi Motor Sales Co., Ltd.	Japan
	Miyazaki Mitsubishi Motor Sales Co., Ltd.	Japan
	Higashi Kanto MMC Parts Sales Co., Ltd.	Japan
	NMKV Co., Ltd	Japan
	MMC Diamond Finance Corp.	Japan
	MMD Automobile GmbH	Germany
	Vina Star Motors Corporation	Vietnam
	GAC Mitsubishi Motors Co., Ltd. (GMMC)	China
	Note: MMC has 9 other affiliates outside Japan in addition to the above.	
Other associated company		
	Company	Incorporated in
	Mitsubishi Heavy Industries, Ltd. Japan	Japan

* 1 Figures in parentheses represent indirect shares.

* 2 Specified subsidiaries. (Mitsubishi Motors North America, Inc. (MMNA), Mitsubishi Motors Australia, Ltd. (MMAL), Mitsubishi Motors (Thailand) Co., Ltd. (MMTh))

Capitalization (In millions)	Business Lines	MMC Share of Voting Rights (%)*[1]
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 610	Automobile manufacture	100.0
JPY 436	Automobile transport, maintenance and sales of parts	83.2
JPY 350	Automobile engineering	100.0
JPY 100	Manufacture, sales of automobile parts	100.0
USD 398.8	Automobile manufacturing, sales	100.0
USD 2.0	Product development, design, testing, certification	100.0 (100.0)
CAD 2.0	Automobile sales	100.0 (100.0)
USD 260.0	Automobile financing, leasing	100.0 (100.0)
USD 47.5	Automobile sales	100.0
EUR 107.2	Automobile parts sales	100.0
EUR 0.8	Product development, design, testing, certification	100.0
EUR 6.8	Automobile sales	100.0
EUR 0.1	Procurement of funds, group company financing	100.0
AUD 1,789.9	Automobile sales	100.0
NZD 48.0	Automobile sales	100.0
THB 7,000.0	Automobile assembly, sales	100.0
THB 20.0	Manufacturing of automobile engines and press parts	100.0 (100.0)
PHP 1,640.0	Automobile assembly, sales	51.0
PHP 770.0	Manufacturing of automobile transmissions	100.0 (10.0)
UAD 10.0	Automobile parts sales	100.0
JPY 100	Automobile sales	29.0 (29.0)
JPY 60	Automobile sales	35.0
JPY 30	Automobile sales	40.0
JPY 58	Automobile sales	24.8
JPY 50	Automobile sales	23.0
JPY 60	Automobile sales	38.8
JPY 100	Automobile parts sales	33.0 (10.0)
JPY 10	Automobile planning and engineering	50.0
JPY 3,000	Auto sales financing, leasing, rentals	47.0
EUR 30.0	Automobile sales	24.99
USD 16.0	Manufacture and marketing of automobiles	25.0
CNY 1,700.0	Manufacture and marketing of automobiles	33.0

Capitalization (In millions)	Business Lines	Share of Voting Rights in MMC (%)*[1]
JPY 265,608	Energy & environment, commercial aviation & transportation systems, integrated defense & space systems, machinery, equipment & infrastructure and others	20.3 (7.7)

Principal Production Facilities

Country/Region	Name	Major Products
Japan	1. Nagoya Plant–Okazaki	Outlander, Outlander PHEV, ASX (RVR)
	2. Mizushima Plant	i-MiEV, Lancer (Galant Fortis), eK Wagon, ek Space, MINICAB-MiEV
	3. Pajero Manufacturing Co., Ltd.	Pajero (Montero), Delica D:5
	4. Powertrain Plant–Kyoto	Engines
	5. Powertrain Plant–Shiga	Engines
	6. Powertrain Plant–Mizushima	Engines, transmissions
U.S.A.	7. Mitsubishi Motors North America, Inc. (MMNA)	Outlander Sport (RVR)
Russia	8. PCMA Rus	Outlander, Pajero Sport
Thailand	9. Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)	Mirage, Attrage, Triton, Pajero Sport, Lancer
	10. MMTh Engine Co., Ltd. (MEC)	Engines
Philippines	11. Mitsubishi Motors Philippines Corporation (MMPC)	Adventure, L300 (Delica), Lancer
	12. Asian Transmission Corporation (ATC)	Transmissions
China	13. GAC Mitsubishi Motors Co., Ltd. (GMMC)	Pajero, Pajero Sport, ASX
	14. South East (Fujian) Motor Co., Ltd. (SEM)	Lancer, Zinger
	15. Shenyang Aerospace Mitsubishi Motors Engine Manufacturing, Co., Ltd. (SAME)	Engines
	16. Harbin Dongan Automotive Engine Manufacturing, Co., Ltd. (DAE)	Engines, transmissions
Taiwan	17. China Motor Corporation (CMC)	Colt Plus, Lancer Fortis, Outlander, Zinger, Delica
Vietnam	18. Vina Star Motors Corporation (VSM)	Zinger, Pajero Sport

Investor Information As of March 31, 2015

Company Name	MITSUBISHI MOTORS CORPORATION
Head Office	5-33-8, Shiba, Minato-ku, Tokyo 108-8410, Japan Telephone: +81-3-3456-1111
Established	April 22, 1970
Capital	¥165,701,243,103
Number of Employees	Consolidated: 30,498 Non-consolidated: 12,848
Stock Listing	Tokyo Stock Exchange
Securities Code	7211
Share Trading Unit	100 shares
Number of Shares Outstanding	983,661,919

Major Shareholders

Name	Number of shares held	% of total
Mitsubishi Heavy Industries, Ltd.	124,293,855	12.63
Mitsubishi Corporation	99,044,251	10.06
MHI Automotive Capital LLC Stock Investment Silent Partnership 1	38,638,625	3.92
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	38,517,159	3.91
MHI Automotive Capital LLC Stock Investment Silent Partnership 2	33,968,253	3.45
Japan Trustee Services Bank, Ltd. (Trust account)	20,342,000	2.06
The Master Trust Bank of Japan, Ltd. (Trust account)	18,477,200	1.87
JP MORGAN CHASE BANK 385632	13,855,969	1.40
Mitsubishi UFJ Trust and Banking Corporation	13,014,521	1.32
CBNY-GOVERNMENT OF NORWAY	11,219,760	1.14

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