

Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2018 [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**
 Listing: First Section, the Tokyo Stock Exchange
 Stock code: 7211
 URL: <http://www.mitsubishi-motors.co.jp/>
 Representative: Osamu Masuko, Member of the Board, CEO
 Contact: Masataka Saito, General Manager of IR Office
 TEL: +81-3-3456-1111 (from overseas)
 Scheduled date to file quarterly report: November 10, 2017
 Scheduled date to deliver cash dividends: December 4, 2017
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes

(Figures less than one million yen are rounded, unless otherwise noted)

1. Consolidated performance for the first half of fiscal year 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017 1 st half	947,678	9.6	44,215	–	60,561	–	48,386	–
FY2016 1 st half	864,872	(19.2)	(31,625)	–	(28,218)	–	(219,595)	–

Note: Comprehensive income FY2017 1st half: ¥55,130 million – % FY2016 1st half: ¥(253,480) million – %

	Net income per share	Diluted net income per share
	Yen	Yen
FY2017 1 st half	32.47	32.47
FY2016 1 st half	(223.29)	–

Note: Diluted net income per shares are not shown above because there are no diluted shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2017	1,533,900	751,646	47.9
March 31, 2017	1,484,413	703,463	46.5

Reference: Equity As of September 30, 2017: ¥ 734,677 million As of March 31, 2017: ¥ 690,455 million

2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	–	5.00	–	5.00	10.00
FY2017	–	7.00			
FY2017 (Forecast)			–	7.00	14.00

Note : Revisions to the forecasts of cash dividends in the current quarter: Nil

3. Consolidated earnings forecasts for fiscal year 2017 (from April 1, 2017 to March 31, 2018)

(Percentages indicate changes over the same period in the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,000,000	4.9	70,000	1,267.6	79,000	783.2	68,000	–	45.64

Note : Modifications in the consolidated earnings forecasts from the latest announcement: Nil

* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - 1) Changes in accounting policies due to revisions to accounting standards: No
 - 2) Changes in accounting policies due to other reasons: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No
- (4) Number of issued shares (common stock)
 - 1) Total number of issued shares and outstanding at the end of the period (including treasury stock)

As of September 30, 2017:	1,490,282,496 shares
As of March 31, 2017:	1,490,282,496 shares
 - 2) Number of shares of treasury stock at the end of the period

As of September 30, 2017:	222,136 shares
As of March 31, 2017:	222,136 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY2017 1 st half:	1,490,060,360 shares
FY2016 1 st half:	983,439,890 shares

* Quarterly review procedures:

As of when this summary of quarterly financial results have been released as flash report, we have not completed the review for the quarterly financial reporting required in accordance with the Financial Instruments and Exchange Act.

Proper use of earnings forecasts, and other special matters:

(Note for the description about financial forecast)

Figures for financial forecasts are based on judgments and estimates that have been made on the basis of currently available information, and are subject to a number of risks, uncertainties and assumptions. Changes in the MMC group's business environment, market trends or exchange rates may cause actual results to differ materially from these forecasts.

(How to obtain additional information materials / details of the earnings release conference)

Additional information materials are disclosed on the MMC web site on the same day as publication of the results. In addition, an audio recording of the earnings release conference held on the same day will, together with the material used for the conference, be posted on the MMC website promptly following the conferences.

1. Qualitative Information and Financial Statements

(1) Summary of financial results

Global sales volume (retail) for the first half of fiscal year ending March 31, 2018 (fiscal year 2017) was 498,000 units in total (an increase of 62,000 units year on year, or up 14% year on year).

The increase was driven by higher sales in Japan, up 48% to 43,000 units following the resumption of Kei-car sales in 2016 and the contribution from *Delica D:5 "Active Gear"*.

China sales rose 87% to 58,000 units due to demand for the localized *Outlander*. ASEAN sales increased 15% to 113,000 units driven mainly by strong orders for the *Triton* pick-up and *Pajero Sport* in Thailand.

Sales in Oceania and recovering demand in Russia also contributed to the growth.

For other markets, North America sales rose 1% to 72,000 units and Europe sales declined 1% to 89,000 units.

Consolidated net sales for the end of the first half of fiscal year 2017 was 947.7 billion yen (an increase of 82.8 billion yen year on year, or up 10% year on year).

Consolidated operating profit was 44.2 billion yen (an increase of 75.8 billion yen year on year). Consolidated ordinary profit was 60.6 billion yen (an increase of 88.8 billion yen year on year). Net income attributable to the shareholders of the parent company was 48.4 billion yen (an increase of 268.0 billion yen year on year).

(2) Summary of financial position

Total assets at the end of the first half of fiscal year 2017 amounted to 1,533.9 billion yen (an increase of 49.5 billion yen from the end of fiscal year 2016). Cash and cash deposits amounted to 523.0 billion yen (a decrease of 33.8 billion yen from the end of fiscal year 2016). Total liabilities amounted to 782.3 billion yen (an increase of 1.4 billion yen from the end of fiscal year 2016). Of total liabilities, the interest bearing debt balance was 29.8 billion yen (an increase of 14.2 billion yen from the end of fiscal year 2016). Net assets amounted to 751.6 billion yen (an increase 48.1 billion yen from the end of fiscal year 2016).

(3) Summary of earnings forecasts

Mitsubishi Motors Corporation has decided to leave its consolidated forecasts announced on May 9, 2017 unchanged for the full-year of fiscal year 2017 (April 1, 2017 through March 31, 2018).

2. Others

- (1) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Income tax expenses were calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to a projected annual income before income taxes. In case where the estimated effective tax rate is unavailable, statutory effective tax rate is used.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	556,836	522,987
Notes and accounts receivable - trade	164,761	146,483
Merchandise and finished goods	118,195	149,966
Work in process	19,695	22,589
Raw materials and supplies	26,139	39,616
Other	86,983	97,062
Allowance for doubtful accounts	(1,209)	(1,192)
Total current assets	971,401	977,512
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	77,002	87,885
Machinery, equipment and vehicles, net	100,516	109,941
Tools, furniture and fixtures, net	22,349	45,483
Land	89,925	96,558
Construction in progress	19,210	26,845
Total property, plant and equipment	309,004	366,714
Intangible assets	22,939	26,498
Investments and other assets		
Investment securities	94,959	92,175
Other	91,962	76,918
Allowance for doubtful accounts	(5,853)	(5,918)
Total investments and other assets	181,068	163,174
Total non-current assets	513,011	556,387
Total assets	1,484,413	1,533,900

(Millions of yen)

As of March 31, 2017

As of September 30, 2017

Liabilities			
Current liabilities			
Notes and accounts payable - trade		378,561	381,916
Electronically recorded obligations - operating		21,393	18,678
Short-term loans payable		15,069	14,245
Current portion of long-term loans payable		299	1,995
Accounts payable - other and accrued expenses		124,573	128,814
Income taxes payable		26,485	17,253
Provision for product warranties		45,512	46,048
Provision for loss on fuel economy test		28,136	15,853
Other		33,535	31,709
Total current liabilities		673,566	656,516
Non-current liabilities			
Long-term loans payable		240	13,539
Net defined benefit liability		41,593	42,835
Other		65,549	69,363
Total non-current liabilities		107,383	125,737
Total liabilities		780,949	782,254
Net assets			
Shareholders' equity			
Capital stock		284,382	284,382
Capital surplus		203,938	203,938
Retained earnings		277,281	314,579
Treasury shares		(220)	(220)
Total shareholders' equity		765,381	802,680
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities		7,480	7,104
Deferred gains or losses on hedges		627	241
Foreign currency translation adjustment		(62,739)	(55,673)
Remeasurements of defined benefit plans		(20,295)	(19,675)
Total accumulated other comprehensive income		(74,926)	(68,002)
Subscription rights to shares		-	35
Non-controlling interests		13,008	16,932
Total net assets		703,463	751,646
Total liabilities and net assets		1,484,413	1,533,900

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	FY2016 1 st half (from April 1, 2016 to September 30, 2016)	FY2017 1 st half (from April 1, 2017 to September 30, 2017)
Net sales	864,872	947,678
Cost of sales	748,183	742,029
Gross profit	116,689	205,648
Selling, general and administrative expenses		
Advertising and promotion expenses	35,412	47,086
Freightage expenses	21,631	16,111
Provision of allowance for doubtful accounts	(138)	2
Directors' compensations, salaries and allowances	32,801	35,492
Retirement benefit expenses	1,832	1,719
Depreciation	4,921	6,201
Research and development expenses	25,697	22,222
Other	26,157	32,597
Total selling, general and administrative expenses	148,315	161,432
Operating profit (loss)	(31,625)	44,215
Non-operating income		
Interest income	1,823	1,606
Dividend income	1,496	2,080
Share of profit of entities accounted for using equity method	3,593	9,759
Foreign exchange gains	-	5,576
Other	353	286
Total non-operating income	7,267	19,309
Non-operating expenses		
Interest expenses	541	1,685
Foreign exchange losses	1,568	-
Other	1,750	1,277
Total non-operating expenses	3,860	2,963
Ordinary profit (loss)	(28,218)	60,561
Extraordinary income		
Gain on sales of non-current assets	771	119
Gain on sales of investment securities	312	307
Compensation income for expropriation	1,403	-
Gain on sales of investments in capital of subsidiaries and affiliates	816	-
Other	36	52
Total extraordinary income	3,339	479
Extraordinary losses		
Loss on retirement of non-current assets	1,184	896
Impairment loss	483	950
Loss on fuel economy test	166,182	-
Other	2,603	117
Total extraordinary losses	170,454	1,964
Profit (loss) before income taxes	(195,333)	59,075
Income taxes	10,885	11,663
Income taxes for prior periods	12,619	-
Profit (loss)	(218,838)	47,412
Profit (loss) attributable to non-controlling interests	756	(974)
Profit (loss) attributable to owners of parent	(219,595)	48,386

Consolidated statements of comprehensive income

(Millions of yen)

	FY2016 1 st half (from April 1, 2016 to September 30, 2016)	FY2017 1 st half (from April 1, 2017 to September 30, 2017)
Profit (loss)	(218,838)	47,412
Other comprehensive income		
Valuation difference on available-for-sale securities	(876)	(373)
Deferred gains or losses on hedges	(54)	(14)
Foreign currency translation adjustment	(25,887)	7,767
Remeasurements of defined benefit plans, net of tax	1,402	647
Share of other comprehensive income of entities accounted for using equity method	(9,225)	(309)
Total other comprehensive income	(34,641)	7,717
Comprehensive income	(253,480)	55,130
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(252,329)	56,301
Comprehensive income attributable to non-controlling interests	(1,150)	(1,171)

(3) Consolidated statements of cash flows

(Millions of yen)

	FY2016 1 st half (from April 1, 2016 to September 30, 2016)	FY2017 1 st half (from April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	(195,333)	59,075
Depreciation	24,119	23,581
Impairment loss	483	950
Loss on fuel economy test	166,182	-
Increase (decrease) in allowance for doubtful accounts	(155)	(92)
Increase (decrease) in net defined benefit liability	259	1,990
Interest and dividend income	(3,320)	(3,686)
Interest expenses	541	1,685
Foreign exchange losses (gains)	(539)	(93)
Share of (profit) loss of entities accounted for using equity method	(3,593)	(9,759)
Loss (gain) on sales and retirement of non-current assets	625	842
Decrease (increase) in notes and accounts receivable - trade	56,317	21,142
Decrease (increase) in inventories	2,741	(41,887)
Increase (decrease) in notes and accounts payable - trade	(30,162)	(7,286)
Other, net	(7,135)	(16,543)
Subtotal	11,029	29,918
Interest and dividend income received	7,127	6,279
Interest expenses paid	(456)	(1,677)
Payments related to fuel economy test	(64,493)	(13,942)
Income taxes paid	(13,044)	(18,988)
Net cash provided by (used in) operating activities	(59,837)	1,589
Cash flows from investing activities		
Decrease (increase) in time deposits	(30)	(84)
Purchase of property, plant and equipment	(30,731)	(30,837)
Proceeds from sales of property, plant and equipment	3,040	1,286
Payments of long-term loans receivable	(6,886)	(1,129)
Collection of long-term loans receivable	267	345
Other, net	(3,656)	(7,986)
Net cash provided by (used in) investing activities	(37,996)	(38,405)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	11,799	(787)
Proceeds from long-term loans payable	835	1,259
Repayments of long-term loans payable	(3,582)	(176)
Cash dividends paid	(7,843)	(7,505)
Dividends paid to non-controlling interests	(1,649)	(1,833)
Other, net	(586)	(360)
Net cash provided by (used in) financing activities	(1,028)	(9,402)
Effect of exchange rate change on cash and cash equivalents	(20,949)	5,408
Net increase (decrease) in cash and cash equivalents	(119,812)	(40,810)
Cash and cash equivalents at beginning of period	462,440	555,906
Increase in cash and cash equivalents from newly consolidated subsidiary	-	6,927
Cash and cash equivalents at end of period	342,628	522,022

(4) Notes to consolidated financial statements

Notes on premise of going concern

N/A

Notes on significant changes in the amount of shareholders' equity

N/A

Adoption of specific accounting policies for quarterly consolidated financial statements

Application of specific accounting treatment for preparing the quarterly consolidated financial statements:

Income tax expenses were calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to a projected annual income before income taxes. In case where the estimated effective tax rate is unavailable, statutory effective tax rate is used.

Segment information

FY2016 1st half (from April 1, 2016 to September 30, 2016)

Information on reportable segment is omitted as the MMC group (the “Group”) has a single reportable segment which is “automobile business”.

(Supplementary information about geographic information)

1) For information on geographic information, please refer to “Change in geographic information” in FY2017 1st half.

2) Net sales to the external customers, classified by the geographic location of the external customers

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	107,254	150,418	215,726	191,772	98,559	101,141	864,872

Note: Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Puerto Rico
- (2) Europe.....Russia, England, Germany, France, the Netherlands
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania.....Australia, New Zealand
- (5) Other.....Brazil, U.A.E.

FY2017 1st half (from April 1, 2017 to September 30, 2017)

Information on reportable segment is omitted as the MMC group (the “Group”) has a single reportable segment which is “automobile business”.

(Supplementary information about geographic information)

1) Change in geographic information

National and regional groupings have been classified by “geographical proximity and mutual relevance of business activities”. However, for the consistency with in-house management, Puerto Rico, which had been included in “Other” until the previous fiscal year, is reclassified in “North America” from the beginning of the previous fiscal year.

2) Net sales to the external customers, classified by the geographic location of the external customers

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	160,364	147,429	180,797	263,030	113,854	82,201	947,678

Note: Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Puerto Rico
- (2) Europe.....Germany, England, France, Italy, Russia,
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania.....Australia, New Zealand
- (5) Other.....Brazil, U.A.E.