

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2014 [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**
 Listing: First Section, the Tokyo Stock Exchange
 Stock code: 7211
 URL: <http://www.mitsubishi-motors.co.jp/>
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 Scheduled date to file quarterly report: November 13, 2013
 Scheduled date to deliver cash dividends: TBD
 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 second quarter of fiscal year 2013 (from April 1, 2013 to September 30, 2013)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013 2 nd quarter	929,004	8.0	50,820	64.9	60,973	92.7	46,730	55.5
FY2012 2 nd quarter	859,960	(5.2)	30,822	(9.9)	31,648	36.0	30,060	183.9

Note: Comprehensive income FY2013 2nd quarter: ¥47,373 million (530.3%) FY2012 2nd quarter: ¥7,516 million (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2013 2 nd quarter	75.44	47.45
FY2012 2 nd quarter	54.08	29.58

Note: The company executed a 10:1 common stock consolidation on August 1, 2013. Net income per share and diluted income per share for both the first quarter and second quarter of fiscal 2013 were calculated as if the stock consolidation had been executed at the beginning of the fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	1,398,114	396,047	27.6
As of March 31, 2013	1,452,809	351,227	23.4

Reference: Equity As of September 30, 2013: ¥385,977 million As of March 31, 2013: ¥340,197 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
FY2012	–	0.00	–	0.00	0.00
FY2013	–	0.00			
FY2013 (Forecast)			–	0.00	0.00

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

3. Consolidated earnings forecasts for fiscal year 2013 (from April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,130,000	17.3	100,000	48.4	100,000	6.5	70,000	84.3	112.42

Note: Revisions to the consolidated earnings forecasts in the current quarter: 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 simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements: No
- (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, 2013:	622,893,974 shares
As of March 31, 2013:	608,090,053 shares
 - 2) Number of shares of treasury stock at the end of the period

As of September 30, 2013:	221,254 shares
As of March 31, 2013:	219,595 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY2013 2 nd quarter:	619,459,678 shares
FY2012 2 nd quarter:	555,863,626 shares

Note: The company executed a 10:1 common stock consolidation on August 1, 2013. The total of issued shares and outstanding (including treasury stock), treasury stock, and average number of shares for both the first quarter and second quarter of fiscal 2013 were calculated as if the stock consolidation had been executed at the beginning of the fiscal year.

* 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:

The earnings 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 and uncertainties. Changes in the company's business environment, in market trends and in foreign exchange rates may cause actual results to differ materially from these forecast figures.

1. Qualitative Information and Financial Statements

(1) Summary of operating results

The operating environment for the automobile industry remained unstable in the second quarter of the 2013 fiscal year (FY). Although there were some positive factors such as a correction of the extremely strong yen and the United States' economy slowly expanding, a continuously sluggish economy in the Eurozone countries, fluctuation in economies in emerging markets, an increase in geopolitical risks in Middle East and North Africa, and uncertainty in the United States' financial and monetary policies negatively affected the operating environment.

In the midst of this operating environment, the Mitsubishi Motors Group's consolidated operating results for the first half of FY2013 are as follows: Net sales increased 69.0 billion yen, or 8% year-on-year to 929.0 billion yen. Operating income rose 20.0 billion yen, or 65% year-on-year, to 50.8 billion yen. Negative factors such as increases in sales expenses including advertising costs and worsening of the model mix among others were overcome by steadily progressing reductions in material and other costs in addition to favorable foreign exchange rates. Ordinary income rose 29.4 billion yen or 93% year-on-year to 61.0 billion yen. Net income increased 16.6 billion yen, or 55% year-on-year to 46.7 billion yen.

With positive contribution from introduction of new models, retail sales volume in all regions exceeded those of the same period last year, coming to 499,000 units, an increase of 21,000 units, or 4% year-on-year.

Sales volumes by region were as follows:

Japan: Sales volume reached 66,000 units, an increase of 3,000 units, or 5% year-on-year. Although the sales of registered vehicles decreased, brisk sales of the *eK Wagon* and *eK Custom* after their launch in June contributed to the increase in the country.

North America: In the United States, sales of the *Outlander Sport* and the new *Outlander* (launched in June) offset the decrease in sales following last year's termination of the *Galant*. Sales increased in Canada and Mexico over the same period last year. As a result, sales volume came to 45,000 units, which is an increase of 2,000 units, or 3% year-on-year.

Europe: Sales volume came to 91,000 units an increase of 1,000 units, or 1% over the same period last year. Sales decreased 3,000 units year-on-year to 37,000 units in Russia due to a decrease of total automobile demand in the country. However, sales volume increased to 40,000 units in Western Europe, eclipsing that area's sales volume for the same period last year. Introduction of the new *Outlander* and the new *Space Star/Mirage* contributed to the overall increase in the region.

Asia & Other Regions: Sales volume amounted to 297,000 units, an increase of 15,000 units or 6% year-on-year. In the ASEAN region, sales increased in countries including the Philippines and Indonesia. However, in Thailand, negative factors such as the government's "first-car buyer program" coming to an end negatively affected sales in the country, contributing to an overall year-on-year decrease for the area.

On the other hand, favorable factors such as the launch of the *ASX* in North Asia at GMMC* last September, an increase of sales volume in Australia and New Zealand mainly with the new *Outlander* and the new *Mirage*, and an increase in sales in Central America, the Middle East, and Africa, contributed to the overall increase for the region.

* GAC Mitsubishi Motors Co., Ltd.

(2) Summary of financial position

Total assets as of September 30, 2013 amounted to 1,398.1 billion yen, a decrease of 54.7 billion yen from the end of FY2012. Out of total assets, cash and cash deposits amounted to 329.7 billion yen, a decrease of 79.8 billion yen from the end of FY2012. Total liabilities amounted to 1,002.1 billion yen, a decrease of 99.5 billion yen from the end of FY2012. Out of total liabilities, the interest bearing debt balance was reduced to 281.6 billion yen, a decrease of 82.8 billion yen. Net assets at the end of the first half of FY2013 amounted to 396.0 billion yen, a 44.8 billion yen increase from the end of FY2012.

(3) Summary of forecasts for consolidated earnings and others

Mitsubishi Motors has decided to leave its full-year operating results forecast announced on October 24, 2013 unchanged.

2. Others

N/A

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	409,509	329,651
Notes and accounts receivable-trade	149,555	137,888
Merchandise and finished goods	143,046	179,258
Work in process	33,979	28,324
Raw materials and supplies	25,295	33,201
Other	123,906	106,967
Allowance for doubtful accounts	(6,312)	(4,872)
Total current assets	878,980	810,418
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	82,541	80,108
Machinery, equipment and vehicles, net	139,756	147,625
Tools, furniture and fixtures, net	51,977	53,877
Land	99,432	99,845
Construction in progress	13,196	11,689
Total Property, plant and equipment	386,903	393,146
Intangible assets	12,894	12,339
Investments and other assets		
Investment securities	67,251	66,909
Other	117,014	125,239
Allowance for doubtful accounts	(10,234)	(9,937)
Total investments and other assets	174,031	182,210
Total noncurrent assets	573,829	587,696
Total assets	1,452,809	1,398,114

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	313,810	305,557
Short-term loans payable	113,984	85,127
Current portion of long-term loans payable	143,271	109,661
Accounts payable-other and accrued expenses	106,168	107,147
Income taxes payable	8,360	5,315
Provision for product warranties	28,273	30,148
Other	73,378	69,930
Total current liabilities	787,248	712,888
Noncurrent liabilities		
Long-term loans payable	107,125	86,794
Provision for retirement benefits	111,660	112,707
Provision for directors' retirement benefits	912	912
Other	94,634	88,763
Total noncurrent liabilities	314,333	289,178
Total liabilities	1,101,581	1,002,066
Net assets		
Shareholders' equity		
Capital stock	657,355	165,701
Capital surplus	432,666	217
Retained earnings	(688,049)	282,783
Treasury stock	(217)	(219)
Total shareholders' equity	401,754	448,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,222	5,284
Deferred gains or losses on hedges	2,980	(389)
Foreign currency translation adjustment	(69,759)	(67,400)
Total accumulated other comprehensive income	(61,556)	(62,505)
Minority interests	11,030	10,069
Total net assets	351,227	396,047
Total liabilities and net assets	1,452,809	1,398,114

(2) Consolidated statement of income and Consolidated statement of comprehensive income

Consolidated statement of income	(Millions of yen)	
	FY2012 2 nd quarter (from April 1, 2012 to September 30, 2012)	FY2013 2 nd quarter (from April 1, 2013 to September 30, 2013)
Net sales	859,960	929,004
Cost of sales	700,223	721,415
Gross profit	159,736	207,589
Selling, general and administrative expenses		
Advertising and promotion expenses	31,805	51,750
Freightage expenses	21,402	25,023
Provision of allowance for doubtful accounts	(145)	(577)
Directors' compensations, salaries and allowances	29,973	31,753
Provision for retirement benefits	2,554	2,127
Depreciation	4,172	4,745
Research and development expenses	18,010	16,628
Other	21,141	25,316
Total selling, general and administrative expenses	128,913	156,768
Operating income (loss)	30,822	50,820
Non-operating income		
Interest income	1,520	2,658
Foreign exchange gains	-	10,641
Equity in earnings of affiliates	5,103	1,592
Other	2,342	1,591
Total non-operating income	8,966	16,482
Non-operating expenses		
Interest expenses	5,364	5,238
Foreign exchange losses	157	-
Other	2,617	1,091
Total non-operating expenses	8,140	6,330
Ordinary income (loss)	31,648	60,973
Extraordinary income		
Gain on sales of noncurrent assets	114	628
Gain on sales of investment securities	11,401	6
Other	157	2
Total extraordinary income	11,674	637
Extraordinary loss		
Loss on retirement of noncurrent assets	485	1,566
Loss on valuation of investment securities	29	799
Other	381	433
Total extraordinary losses	897	2,800
Income (loss) before income taxes and minority interests	42,426	58,810
Income taxes	10,655	10,456
Income (loss) before minority interests	31,770	48,354
Minority interests in income	1,709	1,623
Net income (loss)	30,060	46,730

Consolidated statement of comprehensive income

(Millions of yen)

	FY2012 2 nd quarter (from April 1, 2012 to September 30, 2012)	FY2013 2 nd quarter (from April 1, 2013 to September 30, 2013)
Income (loss) before minority interests	31,770	48,354
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,257)	51
Deferred gains or losses on hedges	(3,812)	(3,048)
Foreign currency translation adjustment	(12,816)	(4,214)
Share of other comprehensive income of associates accounted for using equity method	632	6,230
Total other comprehensive income	(24,253)	(981)
Comprehensive income	7,516	47,373
Comprehensive income attributable to:		
Owners of the parent	6,015	45,787
Minority interests	1,500	1,585

(3) Consolidated statement of cash flows

(Millions of yen)

	FY2012 2 nd quarter (from April 1, 2012 to September 30, 2012)	FY2013 2 nd quarter (from April 1, 2013 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	42,426	58,810
Depreciation and amortization	26,073	29,024
Increase (decrease) in allowance for doubtful accounts	(1,150)	(1,374)
Increase (decrease) in provision for retirement benefits	1,486	1,094
Interest and dividends income	(2,593)	(3,640)
Interest expenses	5,364	5,238
Foreign exchange losses (gains)	2,188	(5,529)
Equity in (earnings) losses of affiliates	(5,103)	(1,592)
Loss (gain) on sales and retirement of noncurrent assets	395	1,320
Loss (gain) on sales of investment securities	(11,401)	(6)
Decrease (increase) in notes and accounts receivable-trade	25,874	9,206
Decrease (increase) in inventories	(13,771)	(38,631)
Increase (decrease) in notes and accounts payable-trade	(30,005)	(4,722)
Other, net	29,548	21,256
Subtotal	69,332	70,455
Interest and dividends income received	4,895	4,297
Interest expenses paid	(5,499)	(5,374)
Income taxes paid	(15,417)	(18,870)
Net cash provided by (used in) operating activities	53,310	50,508

(Millions of yen)

	FY2012 2 nd quarter (from April 1, 2012 to September 30, 2012)	FY2013 2 nd quarter (from April 1, 2013 to September 30, 2013)
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(20,940)	16,069
Purchase of property, plant and equipment	(24,753)	(42,411)
Proceeds from sales of property, plant and equipment	4,209	6,804
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	12,406	18
Payments for investments in capital of subsidiaries and affiliates	(11,381)	-
Payments of long-term loans receivable	-	(4,179)
Collection of long-term loans receivable	206	24
Other, net	4,318	(1,452)
Net cash provided by (used in) investment activities	(35,934)	(25,126)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(41,887)	(42,601)
Proceeds from long-term loans payable	67,263	2,893
Repayment of long-term loans payable	(51,525)	(45,681)
Cash dividends paid to minority shareholders	(983)	(2,611)
Other, net	(2,776)	(2,371)
Net cash provided by (used in) financing activities	(29,910)	(90,372)
Effect of exchange rate change on cash and cash equivalents	(4,975)	1,952
Net increase (decrease) in cash and cash equivalents	(17,509)	(63,037)
Cash and cash equivalents at beginning of period	310,993	361,167
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	37	-
Cash and cash equivalents at end of period	293,521	298,129

(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

Segment information

FY2012 2nd quarter (from April 1, 2012 to September 30, 2012)

1. Net sales and income (loss) for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Amount in the consolidated statement of income (Note 2)
Net sales					
(1) External customers	855,030	4,930	859,960	–	859,960
(2) Intersegment sales & transfers	(0)	–	(0)	0	–
Total	855,029	4,930	859,960	0	859,960
Segment income (loss)	29,378	1,444	30,822	0	30,822

Notes: 1. Adjustment of segment income (loss) represents the elimination of intersegment transactions.
2. The aggregate amount of segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated statement of income.

(Supplementary information about geographic information)

1) 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	154,929	79,792	210,811	224,986	75,013	114,426	859,960

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

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

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total	Eliminations and corporate	Consolidated
Net sales									
(1) External customers	513,376	72,975	41,561	144,073	75,013	12,958	859,960	–	859,960
(2) Intersegment sales & transfers	186,888	4,698	21,977	157,986	54	–	371,605	(371,605)	–
Total	700,264	77,674	63,539	302,060	75,068	12,958	1,231,565	(371,605)	859,960
Operating income (loss)	(9,645)	(2,324)	6,570	34,302	260	288	29,451	1,370	30,822

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

FY2013 2nd quarter (from April 1, 2013 to September 30, 2013)

1. Net sales and income (loss) for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Amount in the consolidated statement of income (Note 2)
Net sales					
(1) External customers	923,147	5,857	929,004	–	929,004
(2) Intersegment sales & transfers	(24)	–	(24)	24	–
Total	923,123	5,857	928,980	24	929,004
Segment income (loss)	49,836	959	50,796	24	50,820

- Notes: 1. Adjustment of segment income (loss) represents the elimination of intersegment transactions.
2. The aggregate amount of segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated statement of income.

(Supplementary information about geographic information)

1) 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	202,562	107,980	195,051	186,588	108,435	128,386	929,004

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

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

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total	Eliminations and corporate	Consolidated
Net sales									
(1) External customers	548,756	98,756	44,683	114,778	108,435	13,594	929,004	–	929,004
(2) Intersegment sales & transfers	239,950	28,502	903	169,946	74	0	439,377	(439,377)	–
Total	788,706	127,259	45,586	284,724	108,510	13,594	1,368,382	(439,377)	929,004
Operating income (loss)	26,587	(87)	2,182	26,578	1,238	776	57,274	(6,453)	50,820

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