

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015 [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: Tetsuro Aikawa, President, COO
 Contact: Yoshihiro Kuroi, Senior Executive Officer,
 Corporate General Manager of Corporate Planning Office
 TEL: +81-3-6852-4206 (from overseas)
 Scheduled date to file quarterly report: August 8, 2014
 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 first quarter of fiscal year 2014 (from April 1, 2014 to June 30, 2014)

(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	%
FY2014 1 st quarter	513,788	25.5	30,955	93.1	32,643	46.3	28,159	71.3
FY2013 1 st quarter	409,425	(2.4)	16,032	7.4	22,309	56.9	16,438	(17.6)

Note: Comprehensive income FY2014 1st quarter: ¥24,585 million 30.2% FY2013 1st quarter: ¥18,887 million (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2014 1 st quarter	28.63	-
FY2013 1 st quarter	26.66	16.69

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(April 2013).

Note 2: Diluted net income per share for the first quarter of fiscal year 2014 is not shown above because there are no diluted shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2014	1,485,705	555,298	36.7
As of March 31, 2014	1,543,890	550,009	35.0

Reference: Equity As of June 30, 2014: ¥545,550 million As of March 31, 2014: ¥540,532 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
FY2013	–	0.00	–	25.00	25.00
FY2014	–				
FY2014 (Forecast)		7.50	–	7.50	15.00

Note 1: Modifications in the cash dividend forecast from the latest announcement: Nil

Note 2: The amount of the year-end dividend for FY2013 (ended March 31, 2014) includes an extraordinary dividend of 10 yen.

3. Consolidated earnings forecasts for fiscal year 2014 (from April 1, 2014 to March 31, 2015)

(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
FY2014 2 nd quarter	1,090,000	17.3	55,000	8.2	56,000	(8.2)	43,000	(8.0)	43.72
Full year	2,300,000	9.9	135,000	9.4	138,000	6.6	110,000	5.1	111.85

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 simple accounting as well as specific accounting 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: Yes
 - 2) Changes in accounting policies due to other reasons: Yes
 - 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 June 30, 2014:	983,661,919 shares
As of March 31, 2014:	983,661,919 shares
 - 2) Number of shares of treasury stock at the end of the period

As of June 30, 2014:	221,513 shares
As of March 31, 2014:	221,383 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY2014 1 st quarter:	983,440,460 shares
FY2013 1 st quarter:	616,704,760 shares

Note: Ten shares of common stock were consolidated into one share on August 1, 2013. The average number of shares of the previous period were calculated as if the consolidation of shares had been carried out on the beginning of the year ended March 31, 2014 (April 2013).

* 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 for FY2014.

(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 conference.

1. Qualitative Information and Financial Statements

(1) Summary of operating results

The Mitsubishi Motors Group posted cumulative consolidated results for the first three months of FY2014 as follows: Net sales increased 104.4 billion yen, or 25% year-on-year, to 513.8 billion yen. Operating income rose 15 billion yen, or 93% year-on-year, to a profit of 31.0 billion yen. Improvement in model mix, continuous efforts on reducing costs, as well as favorable exchange rates contributed to the increase. Ordinary income rose 10.3 billion yen, or 46% year-on-year to a profit of 32.6 billion yen, helped by non-operating gains stemming from equity method investment gains among other factors. Net income increased 11.8 billion yen, or 71% year-on-year to 28.2 billion yen. All profit indicators of operating income, ordinary income, and net income were all-time record highs for the first quarter. In particular, operating income for the quarter marked five straight year-on-year first quarter increases.

Global retail sales volume for the first three months of FY2014 totaled 258,000 units, an increase of 4% or 9,000 units over the same period in FY2013.

Sales volumes by region were as follows:

Japan: Sales volume totaled 27,000 units, a year-on-year decrease of 2% or 1,000 units. Although sales of minicar models remained at the same level over the same period last year, a year-on-year decrease in sales of registered vehicles negatively affected the total of the region.

North America: Sales volume totaled 28,000 units, a year-on-year increase of 22% or 5,000 units. The increase was driven by firm sales in the United States of the new *Outlander* SUV and *Mirage* compact model (*Space Star* in some markets) launched in FY2013, and the *Outlander Sport* (*RVR* or *ASX* in some markets)

Europe: Sales volume totaled 52,000 units, a year-on-year increase of 11% or 5,000 units. The increase was driven by the launch of the *Outlander PHEV* in the region.

Asia: Sales volume totaled 84,000 units, a year-on-year increase of 3% or 3,000 units. Sales decreased in Thailand due to several factors, mainly continued decreased consumer sentiment due to the ending of the Thai government's First Car Buyer Program in December 2012 as well as political instability caused by the coup d'état in the country; however, sales grew remarkably in China mainly at GAC Mitsubishi Motors which contributed to the positive increase for the region as a whole.

Other Regions: Sales volume totaled 67,000 units, a year-on-year decrease of 4% or 3,000 units. Although sales increased year-on-year in the Middle East and Africa region, sales decreased year-on-year in Australia and Latin America, which resulted in an overall decrease in sales for the region.

(2) Summary of financial position

Total assets as of June 30, 2014 amounted to 1,485.7 billion yen, a decrease of 58.2 billion yen over the end of FY 2013. Cash and cash deposits amounted to 424.9 billion yen, a decrease of 25.2 billion yen from the end of FY2013. Total liabilities amounted to 930.4 billion yen, a decrease of 63.5 billion yen from the end of FY2013. Out of total liabilities, the interest bearing debt balance was reduced to 197.7 billion yen, a decrease of 24.7 billion yen from the end of FY2013. Net assets at the end of the first quarter of FY2014 amounted to 555.3 billion yen in the first quarter of FY2014, a 5.3 billion yen increase from the end of FY 2013 due to factors including posting a net income of 28.2 billion yen; however retained earnings was reduced by 24.6 billion yen through dividend payouts.

(3) Summary of earnings forecasts

Mitsubishi Motors Corporation has decided to leave its consolidated forecasts announced on April 24, 2014 unchanged for both the first half of FY2014 (April 1 through September 30, 2014) as well as for the full-year of FY2014 (April 1, 2014 through March 31, 2014).

2. Others

- (1) Application of simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements:

Income tax expenses were calculated as multiplying income before income taxes and minority interests by reasonably estimated annual effective tax rate. This tax rate was reasonably estimated after applying the deferred tax accounting to the annual income before income taxes and minority interests.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards:

Effective from the beginning of the first quarter of FY2014, Mitsubishi Motors Corporation adopted the "Accounting Standards for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012) and its accompanying implementation guidance, "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012) with respect to certain provisions described in Section 35 of the standard and in Section 67 of the guidance.

In applying these accounting standards, the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation and service costs, has changed from the straight-line basis to the benefit formula basis. Along with this, the method for determining discount rates was changed from being based on remaining of service years to using a single weighted average discount rate.

In accordance with transitional treatment determined by article 37 of the Retirement Benefits Accounting Standards, the amount of financial impact associated with changing calculation methods for retirement benefit obligations and service costs was added to/ removed from the beginning balance of retained earnings.

As a result, the beginning balance of retained earnings has been increased by 5,363 million yen for the first quarter of FY2014. The impact on the profit/loss of the first quarter of FY2014 is immaterial.

- 2) Changes in accounting policies due to other reasons:

Mitsubishi Motors Corporation previously calculated quarterly income tax expenses in the same method as applied for the year-end closing. However, from the first quarter of FY2014 income tax expenses are calculated by reasonably estimating the effective tax rate based on the expected income before income tax and minority interests for the fiscal year, and multiplying income before income taxes and minority interests for the pertaining period by the estimated effective tax rate. This change in the accounting policy enables Mitsubishi Motors Corporation to improve reporting efficiency. Moreover, this change has not been applied net retrospectively because its effect is minor.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	450,063	424,879
Notes and accounts receivable-trade	173,535	148,726
Merchandise and finished goods	156,080	153,519
Work in process	24,876	25,900
Raw materials and supplies	26,593	29,128
Other	109,437	112,441
Allowance for doubtful accounts	(4,025)	(3,265)
Total current assets	936,561	891,331
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	79,678	79,592
Machinery, equipment and vehicles, net	148,565	151,039
Tools, furniture and fixtures, net	55,033	50,871
Land	101,022	100,771
Construction in progress	16,501	12,823
Total Property, plant and equipment	400,801	395,099
Intangible assets	12,937	12,525
Investments and other assets		
Investment securities	71,759	72,718
Other	128,741	120,873
Allowance for doubtful accounts	(6,911)	(6,842)
Total investments and other assets	193,590	186,749
Total noncurrent assets	607,329	594,373
Total assets	1,543,890	1,485,705

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	355,724	334,724
Short-term loans payable	121,074	77,128
Current portion of long-term loans payable	32,611	41,483
Accounts payable-other and accrued expenses	113,893	104,141
Income taxes payable	9,522	4,311
Provision for product warranties	31,993	30,837
Other	56,125	63,718
Total current liabilities	720,946	656,346
Noncurrent liabilities		
Long-term loans payable	68,672	79,057
Provision for directors' retirement benefits	912	288
Net defined benefit liability	113,747	108,970
Other	89,601	85,744
Total noncurrent liabilities	272,934	274,060
Total liabilities	993,880	930,406
Net assets		
Shareholders' equity		
Capital stock	165,701	165,701
Capital surplus	85,257	85,257
Retained earnings	340,714	349,650
Treasury stock	(219)	(219)
Total shareholders' equity	591,453	600,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,786	7,000
Deferred gains or losses on hedges	(1,641)	(1,236)
Foreign currency translation adjustment	(51,323)	(57,008)
Remeasurements of defined benefit plans	(3,742)	(3,595)
Total accumulated other comprehensive income	(50,921)	(54,840)
Minority interests	9,477	9,748
Total net assets	550,009	555,298
Total liabilities and net assets	1,543,890	1,485,705

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

Consolidated statements of income	(Millions of yen)	
	FY2013 1 st quarter (from April 1, 2013 to June 30, 2013)	FY2014 1 st quarter (from April 1, 2014 to June 30, 2014)
Net sales	409,425	513,788
Cost of sales	316,173	403,025
Gross profit	93,252	110,763
Selling, general and administrative expenses		
Advertising and promotion expenses	26,342	24,408
Freightage expenses	10,712	14,165
Provision of allowance for doubtful accounts	(346)	(429)
Directors' compensations, salaries and allowances	15,928	16,847
Retirement benefit expenses	1,055	1,098
Depreciation	2,488	2,251
Research and development expenses	8,194	9,818
Other	12,843	11,647
Total selling, general and administrative expenses	77,220	79,807
Operating income (loss)	16,032	30,955
Non-operating income		
Interest income	1,537	1,178
Foreign exchange gains	6,940	–
Equity in earnings of affiliates	611	2,874
Other	405	281
Total non-operating income	9,495	4,334
Non-operating expenses		
Interest expenses	2,685	1,172
Foreign exchange losses	–	934
Litigation expenses	232	226
Other	300	312
Total non-operating expenses	3,218	2,646
Ordinary income (loss)	22,309	32,643
Extraordinary income		
Gain on sales of noncurrent assets	382	38
Gain on sales of investment securities	6	20
Other	1	3
Total extraordinary income	390	63
Extraordinary loss		
Loss on retirement of noncurrent assets	259	301
Loss on sales of noncurrent assets	18	195
Loss on valuation of investment securities	799	–
Other	28	108
Total extraordinary losses	1,106	605
Income (loss) before income taxes and minority interests	21,592	32,101
Income taxes	4,102	3,545
Income (loss) before minority interests	17,489	28,556
Minority interests in income	1,051	397
Net income (loss)	16,438	28,159

Consolidated statements of comprehensive income

(Millions of yen)

	FY2013 1 st quarter (from April 1, 2013 to June 30, 2013)	FY2014 1 st quarter (from April 1, 2014 to June 30, 2014)
Income (loss) before minority interests	17,489	28,556
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	1,213
Deferred gains or losses on hedges	(2,266)	404
Foreign currency translation adjustment	(499)	(2,981)
Remeasurements of defined benefit plans	—	156
Share of other comprehensive income of associates accounted for using equity method	4,225	(2,763)
Total other comprehensive income	1,397	(3,970)
Comprehensive income	18,887	24,585
Comprehensive income attributable to:		
Owners of the parent	17,816	24,240
Minority interests	1,070	345

(3) 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

FY2013 1st quarter (from April 1, 2013 to June 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	406,561	2,864	409,425	–	409,425
(2) Intersegment sales & transfers	(25)	–	(25)	25	–
Total	406,536	2,864	409,400	25	409,425
Segment income (loss)	15,451	555	16,006	25	16,032

Notes: 1. Adjustment 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	84,207	44,278	84,970	84,574	59,129	52,265	409,425

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	225,698	40,704	21,806	55,129	59,129	6,957	409,425	–	409,425
(2) Intersegment sales & transfers	110,918	13,207	479	65,943	34	0	190,583	(190,583)	–
Total	336,616	53,911	22,286	121,073	59,164	6,958	600,009	(190,583)	409,425
Operating income (loss)	10,619	(1,833)	1,584	6,871	(822)	294	16,714	(682)	16,032

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

FY2014 1st quarter (from April 1, 2014 to June 30, 2014)

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	510,495	3,293	513,788	–	513,788
(2) Intersegment sales & transfers	107	–	107	(107)	–
Total	510,603	3,293	513,896	(107)	513,788
Segment income (loss)	30,718	344	31,062	(107)	30,955

Notes: 1. Adjustment 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	108,524	47,819	147,447	95,285	56,848	57,862	513,788

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

- (1) North America.....The United States
- (2) Europe..... Russia, France, The Netherlands, Germany
- (3) Asia.....Thailand, The Philippines, China, Indonesia
- (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	328,256	45,126	27,219	49,279	56,848	7,058	513,788	–	513,788
(2) Intersegment sales & transfers	100,332	18,767	440	92,048	42	–	211,631	(211,631)	–
Total	428,588	63,893	27,659	141,327	56,891	7,058	725,420	(211,631)	513,788
Operating income (loss)	11,128	828	3,174	11,349	2,783	166	29,430	1,524	30,955

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