

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2016 [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**
 Listing: First Section, the Tokyo Stock Exchange
 Stock code: 7211
 URL: <http://www.mitsubishi-motors.com/>
 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: November 12, 2015
 Scheduled date to deliver cash dividends: December 2, 2015
 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 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015 2 nd quarter	1,069,801	3.4	58,426	(6.8)	58,517	(20.4)	52,076	(14.5)
FY2014 2 nd quarter	1,035,095	11.4	62,660	23.3	73,551	20.6	60,891	30.3

Note: Comprehensive income FY2015 2nd quarter: ¥28,947 million (61.3 %) FY2014 2nd quarter: ¥74,722 million 57.7 %

	Net income per share	Diluted net income per share
	Yen	Yen
FY2015 2 nd quarter	52.95	–
FY2014 2 nd quarter	61.92	–

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
	Millions of yen	Millions of yen	%
As of			
September 30, 2015	1,404,970	689,890	48.1
March 31, 2015	1,582,802	670,766	41.6

Reference: Equity As of September 30, 2015: ¥675,371 million As of March 31, 2015: ¥658,652 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
FY2014	–	7.50	–	8.50	16.00
FY2015	–	8.00			
FY2015 (Forecast)			–	8.00	16.00

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

3. Consolidated earnings forecasts for fiscal year 2015 (from April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Full year	2,280,000	4.6	125,000	(8.0)	130,000	(14.3)	100,000	(15.4)	Yen 101.68

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: 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, 2015:	983,661,919 shares
As of March 31, 2015:	983,661,919 shares
 - 2) Number of shares of treasury stock at the end of the period

As of September 30, 2015:	221,976 shares
As of March 31, 2015:	221,845 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY2015 2 nd quarter:	983,439,989 shares
FY2014 2 nd quarter:	983,440,389 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 for FY2015.

(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 six months of FY2015 as follows: Net sales increased 34.7 billion yen, or 3% year-on-year, to 1,069.8 billion yen. Operating income decreased 4.3 billion yen, or 7% year-on-year, to 58.4 billion yen. Despite of positive factors such as efforts on cost reductions, increased costs on quality measures in market overcame positive factors, leading to the overall decrease. Ordinary income decreased 15.1 billion yen or 20% year-on-year, to 58.5 billion yen. Net income attributable to owners of the parent decreased 8.8 billion yen, or 14%, to 52.1 billion yen.

Global retail sales volume for the first six months of FY2015 remained at the same level over the same period last year totaling 521,000 units. Sales volumes by regions were as follows.

Japan: Sales volume totaled 46,000 units, a year-on-year decrease of 19% or 11,000 units. Despite sales increased with registered vehicles over the same period last year led by sales of the new MY2016 *Outlander PHEV* and *Outlander*, decrease in minicar sales due to a harsh market environment negatively affected total decrease for the region.

North America: Sales volume totaled 69,000 units, a year-on-year increase of 22% or 12,000 units. The increase was driven by firm sales of the *Outlander*, and *Mirage* (*Space Star* in some markets).

Europe: Sales volume totaled 104,000 units, remaining at the same level over the same period last year. Despite sales volume dropped in Russia where the economic situation worsened, the sales increase in Western Europe led by Germany and the U.K. offset the decrease for the total as a region.

Asia: Sales volume totaled 152,000 units, a year-on-year decrease of 9% or 15,000 units. In ASEAN, sales volume decreased to 99,000 units, a year-on-year decrease of 8% or 8,000 units due to a continued sluggish economy in Thailand. In North Asia, market growth has slowed down since beginning of this fiscal year in China, where sales volume decreased to 53,000 units resulting in a year-on-year decrease of 11% or 7,000 units. These negative factors affected the decrease of total sales volume for the region.

Other Regions: Sales volume totaled 150,000 units, a year-on-year increase of 11% or 14,000 units. Sales increased mainly in the Middle East, Africa, and Australia, resulting in an overall increase in sales for the region.

(2) Summary of financial position

Total assets as of September 30, 2015 amounted to 1,405.0 billion yen, a decrease of 177.8 billion yen over the end of FY2014 due to the transfer of sales credit receivables. Cash and cash deposits amounted to 417.3 billion yen, a decrease of 23 billion yen from the end of FY2014. Total liabilities amounted to 715.1 billion yen, a decrease of 196.9 billion yen from the end of FY2014. Out of total liabilities, the interest bearing debt balance was reduced to 32.5 billion yen, a decrease of 112.0 billion yen from the end of FY2014 due to factors including a reduction in debts payable that brought by the transfer of sales credit receivables. Net assets at the end of first half of FY2015 amounted to 689.9 billion yen, a 19.1 billion yen increase from the end of FY2014 due to factors including the net income attributable to owners of the parent posted in this term and a decrease of the foreign currency translation adjustment affected by the foreign exchange rate at the end of September 30.

(3) Summary of earnings forecasts

MMC has decided to keep its consolidated earnings forecasts announced on April 24, 2015 to remain unchanged. MMC bases its full-year consolidated earnings forecasts on currency exchange rates of 119JPY/USD and 133JPY/EUR (117JPY/USD and 131JPY/EUR for the second half of the fiscal year).

Sales volume forecasts for the full-year are as follows:

Sales volume (retail) : 1,053,000 units
Sales volume (wholesale) : 1,251,000 units

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 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.

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

Changes in accounting policies due to revisions to accounting standards:

Effective from the beginning of the first quarter of FY2015, Mitsubishi Motors Corporation adopted the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21 of September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 of September 13, 2013), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7 of September 13, 2013). In applying these accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to "minority interests" was changed to "non-controlling interests", and accounting treatment for adjustments to provisional amounts during measurement period was also changed.

There is no impact to the profit/loss.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	440,272	417,316
Notes and accounts receivable-trade	184,653	177,558
Merchandise and finished goods	155,181	126,797
Work in process	25,968	28,024
Raw materials and supplies	30,533	32,631
Other	130,633	98,724
Allowance for doubtful accounts	(3,585)	(1,423)
Total current assets	963,658	879,631
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	80,347	79,932
Machinery, equipment and vehicles, net	174,585	125,792
Tools, furniture and fixtures, net	37,142	35,693
Land	97,129	92,901
Construction in progress	17,105	16,152
Total property, plant and equipment	406,310	350,471
Intangible assets	14,043	14,628
Investments and other assets		
Investment securities	74,298	78,592
Other	131,254	87,926
Allowance for doubtful accounts	(6,763)	(6,280)
Total investments and other assets	198,789	160,238
Total non-current assets	619,143	525,338
Total assets	1,582,802	1,404,970

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	353,862	324,701
Electronically recorded obligations	21,018	26,504
Short-term loans payable	90,907	12,940
Current portion of long-term loans payable	27,643	7,780
Accounts payable-other and accrued expenses	122,128	109,555
Income taxes payable	5,829	2,702
Provision for product warranties	34,108	32,458
Other	37,342	43,904
Total current liabilities	692,840	560,547
Noncurrent liabilities		
Long-term loans payable	25,914	11,762
Net defined benefit liability	106,821	66,203
Other	86,459	76,565
Total noncurrent liabilities	219,195	154,531
Total liabilities	912,035	715,079
Net assets		
Shareholders' equity		
Capital stock	165,701	165,701
Capital surplus	85,257	85,257
Retained earnings	432,241	475,958
Treasury stock	(220)	(220)
Total shareholders' equity	682,980	726,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,844	4,995
Deferred gains or losses on hedges	286	(2,243)
Foreign currency translation adjustment	(21,013)	(43,127)
Remeasurements of defined benefit plans	(11,445)	(10,950)
Total accumulated other comprehensive income	(24,327)	(51,326)
Non-controlling interests	12,113	14,518
Total net assets	670,766	689,890
Total liabilities and net assets	1,582,802	1,404,970

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

Consolidated statements of income	(Millions of yen)	
	FY2014 2 nd quarter (from April 1, 2014 to September 30, 2014)	FY2015 2 nd quarter (from April 1, 2015 to September 30, 2015)
Net sales	1,035,095	1,069,801
Cost of sales	810,067	847,006
Gross profit	225,028	222,795
Selling, general and administrative expenses		
Advertising and promotion expenses	49,099	45,628
Freightage expenses	28,512	27,798
Provision of allowance for doubtful accounts	(369)	284
Directors' compensations, salaries and allowances	33,491	34,347
Retirement benefit expenses	2,216	2,565
Depreciation	4,478	4,451
Research and development expenses	20,508	21,903
Other	24,429	27,390
Total selling, general and administrative expenses	162,368	164,368
Operating income (loss)	62,660	58,426
Non-operating income		
Interest income	2,481	2,611
Foreign exchange gains	3,462	-
Equity in earnings of affiliates	6,801	4,111
Other	1,446	1,669
Total non-operating income	14,191	8,392
Non-operating expenses		
Interest expenses	2,280	934
Foreign exchange losses	-	6,153
Other	1,019	1,213
Total non-operating expenses	3,300	8,301
Ordinary income (loss)	73,551	58,517
Extraordinary income		
Gain on sales of non-current assets	105	9,702
Gain on sales of shares of subsidiaries and associates	485	-
Other	25	13
Total extraordinary income	615	9,716
Extraordinary losses		
Loss on retirement of non-current assets	1,058	1,048
Loss on valuation of shares of subsidiaries and associates	896	-
Impairment loss	410	572
Other	769	264
Total extraordinary losses	3,135	1,885
Income (loss) before income taxes	71,031	66,347
Income taxes	9,232	9,677
Net income (loss)	61,799	56,670
Net income (loss) attributable to non-controlling interests	907	4,593
Net income (loss) attributable to owners of the parent	60,891	52,076

Consolidated statements of comprehensive income

(Millions of yen)

	FY2014 2 nd quarter (from April 1, 2014 to September 30, 2014)	FY2015 2 nd quarter (from April 1, 2015 to September 30, 2015)
Net income (loss)	61,799	56,670
Other comprehensive income		
Valuation difference on available-for-sale securities	883	(2,835)
Deferred gains or losses on hedges	1,374	(1,149)
Foreign currency translation adjustment	13,754	(25,266)
Remeasurements of defined benefit plans	(348)	528
Share of other comprehensive income of associates accounted for using equity method	(2,740)	1,000
Total other comprehensive income	12,923	(27,722)
Comprehensive income	74,722	28,947
Comprehensive income attributable to:		
Owners of the parent	73,321	25,078
Non-controlling interests	1,400	3,869

(3) Consolidated statements of cash flows

(Millions of yen)

	FY2014 2 nd quarter (from April 1, 2014 to September 30, 2014)	FY2015 2 nd quarter (from April 1, 2015 to September 30, 2015)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	71,031	66,347
Depreciation	29,283	30,581
Impairment loss	410	572
Increase (decrease) in allowance for doubtful accounts	(850)	(2,163)
Increase (decrease) in net defined benefit liability	(36)	(39,738)
Interest and dividends income	(3,762)	(3,981)
Interest expenses	2,280	934
Foreign exchange losses (gains)	(309)	136
Equity in (earnings) losses of affiliates	(6,801)	(4,111)
Loss (gain) on sales and retirement of non-current assets	1,165	(8,527)
Decrease (increase) in notes and accounts receivable-trade	33,675	490
Decrease (increase) in inventories	(12,146)	17,167
Change in finance receivables	5,093	65,110
Increase (decrease) in notes and accounts payable-trade	(18,129)	(12,355)
Other, net	(4,987)	(5,059)
Subtotal	95,916	105,405
Interest and dividends income received	7,990	6,452
Interest expenses paid	(2,303)	(1,054)
Income taxes paid	(17,408)	(18,397)
Net cash provided by (used in) operating activities	84,195	92,405
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(25,576)	(16,230)
Purchase of property, plant and equipment	(43,904)	(40,093)
Proceeds from sales of property, plant and equipment	6,548	61,185
Payments of long-term loans receivable	(393)	(13)
Collection of long-term loans receivable	747	827
Other, net	(1,137)	(8,962)
Net cash provided by (used in) investment activities	(63,717)	(3,287)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(41,387)	(79,020)
Proceeds from long-term loans payable	27,161	2,705
Repayment of long-term loans payable	(23,816)	(22,594)
Cash dividends paid	(24,375)	(8,337)
Cash dividends paid to non-controlling interests	(165)	(1,425)
Other, net	(1,648)	(1,497)
Net cash provided by (used in) financing activities	(64,233)	(110,169)
Effect of exchange rate change on cash and cash equivalents	4,628	(11,955)
Net increase (decrease) in cash and cash equivalents	(39,125)	(33,006)
Cash and cash equivalents at beginning of period	411,695	395,526
Cash and cash equivalents at end of period	372,569	362,520

(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

FY2014 2nd quarter (from April 1, 2014 to September 30, 2014)

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

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	1,028,402	6,693	1,035,095	–	1,035,095
(2) Intersegment sales & transfers	214	–	214	(214)	–
Total	1,028,616	6,693	1,035,309	(214)	1,035,095
Segment income (loss)	62,285	588	62,874	(214)	62,660

Notes: 1. Adjustment represents the elimination of intersegment transactions.

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

2. Information on assets by reporting segment

N/A

3. Information on impairment loss on non-current assets by reportable segments

No significant items to be reported.

(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	212,662	117,032	277,282	198,274	106,772	123,072	1,035,095

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	Adjustment (Note)	Grand total
Net sales									
(1) External customers	657,214	109,026	44,249	103,604	106,772	14,228	1,035,095	–	1,035,095
(2) Intersegment sales & transfers	220,994	31,370	843	184,394	83	0	437,686	(437,686)	–
Total	878,208	140,396	45,093	287,999	106,855	14,228	1,472,781	(437,686)	1,035,095
Operating income (loss)	31,784	3,817	4,530	19,054	5,103	325	64,615	(1,955)	62,660

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

FY2015 2nd quarter (from April 1, 2015 to September 30, 2015)

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

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	1,062,599	7,202	1,069,801	–	1,069,801
(2) Intersegment sales & transfers	(119)	–	(119)	119	–
Total	1,062,479	7,202	1,069,681	119	1,069,801
Segment income (loss)	58,034	272	58,307	119	58,426

Notes: 1. Adjustment represents the elimination of intersegment transactions.

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

2. Information on assets by reporting segment

In the first six months of the fiscal year under review, assets of the financial services segment decreased significantly compared with the end of the previous fiscal year due to the transferring finance receivables and leased vehicles of Mitsubishi Motors Credit of America Inc., a subsidiary in the United States.

3. Information on impairment loss on non-current assets by reportable segments

Impairment loss was recognized in automobile segment. Loss on impairment amounted to ¥572 million.

(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	183,878	179,357	247,644	192,056	110,066	156,797	1,069,801

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

- (1) North America..... The United States
- (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., 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	Adjustment (Note)	Grand total
Net sales									
(1) External customers	656,976	156,462	31,535	103,646	110,066	11,114	1,069,801	–	1,069,801
(2) Intersegment sales & transfers	225,356	9,806	4,518	215,469	57	–	455,206	(455,206)	–
Total	882,332	166,268	36,053	319,116	110,123	11,114	1,525,008	(455,206)	1,069,801
Operating income (loss)	17,260	6,952	2,887	22,354	5,811	398	55,665	2,760	58,426

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