

## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017 [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, Chairman of the Board and President, CEO  
 Contact: Koichi Kitamura, Senior Executive Officer,  
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 TEL: +81-3-3456-1111 (from overseas)  
 Scheduled date to file quarterly report: November 10 2016  
 Scheduled date to deliver cash dividends: December 2 2016  
 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 the fiscal year 2016 (from April 1, 2016 to September 30, 2016)

#### (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	%
FY2016 2 <sup>nd</sup> quarter	864,872	(19.2)	(31,625)	–	(28,218)	–	(219,595)	–
FY2015 2 <sup>nd</sup> quarter	1,069,801	3.4	58,426	(6.8)	58,517	(20.4)	52,076	(14.5)

Note: Comprehensive income FY2016 2<sup>nd</sup> quarter: ¥ (253,480) million – % FY2015 2<sup>nd</sup> quarter: ¥ 28,947 million (61.3)%

	Net income per share	Diluted net income per share
	Yen	Yen
FY2016 2 <sup>nd</sup> quarter	(223.29)	–
FY2015 2 <sup>nd</sup> quarter	52.95	–

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, 2016	1,178,187	422,237	34.9
March 31, 2016	1,433,725	685,337	46.8

Reference: Equity As of September 30, 2016: ¥ 410,950 million As of March 31, 2016: ¥ 671,147 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
FY2015	–	8.00	–	8.00	16.00
FY2016	–	5.00			
FY2016 (Forecast)			–	5.00	10.00

Note : Revisions to the forecasts of cash dividends in the current quarter: No

## 3. Consolidated earnings forecasts for the fiscal year 2016 (from April 1, 2016 to March 31, 2017)

(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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	1,840,000	(18.9)	(27,600)	–	(28,200)	–	(239,600)	–	(198.07)

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

### \* 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, 2016:	983,661,919 shares
As of March 31, 2016:	983,661,919 shares
  - 2) Number of shares of treasury stock at the end of the period
 

As of September 30, 2016:	222,136 shares
As of March 31, 2016:	221,976 shares
  - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

FY2016 2 <sup>nd</sup> quarter:	983,439,890 shares
FY2015 2 <sup>nd</sup> quarter:	983,439,989 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 FY2016.

(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 FY2016 as follows: Net sales of 864.9 billion yen, a year-on-year decrease of 19% or 204.9 billion yen. Operating income of -31.6 billion yen, a decrease of 90.0 billion yen due to the impact of a halt in production and sales for some models stemming from the issue of improper conduct in fuel economy testing in Japan, increased market quality measure costs and the appreciation of the Japanese yen. Ordinary income of -28.2 billion yen, a year-on-year decrease of 86.7 billion yen. Net income attributable to owners of the parent of -219.6 billion yen, a year-on-year decrease of 271.7 billion yen due to the booking of an extraordinary loss of 166.2 billion yen related to losses incurred as a result of improper conduct in fuel economy testing issue.

Global retail sales volume for the first six months of FY2016 totaled 436,000 units: a year-on-year decrease of 16% or 85,000 units. Sales volume by region was as follows:

**Japan:** 29,000 units, a year-on-year decrease of 37% or 17,000 units. Sales fell sharply, affected by the improper conduct in fuel economy testing issue.

**North America:** 69,000 units, no year-on-year change. Strong sales of the *Outlander* were countered by a drop in sales of the *Mirage*.

**Europe:** 90,000 units, a year-on-year decrease of 13% or 14,000 units. A drop in sales in Russia due to the stagnant state of its economy was compounded by a continuing inventory shortage of the ASX compact SUV (*RVR* or *Outlander Sport* in some countries) in Western Europe as well as a decline in sales of the *Outlander PHEV*, mostly in the Netherlands.

**Asia:** 140,000 units, a year-on-year decrease of 8% or 12,000 units. In the ASEAN region, sales volume decreased to 98,000 units, a year-on-year decrease of 1% or 1,000 units. Firm sales of the *Pajero Sport* and aggressive sales promotions in the Philippines and Thailand boosted overall sales volume, however sales of light commercial vehicles in Indonesia slowed due to sluggish raw material prices. In the North Asia region, sales volume decreased to 42,000 units, a year-on-year decrease of 22% or 11,000 units. The fall in sales was due to decreased competitiveness stemming from a lack of new MMC-brand models in China.

**Other Regions:** 108,000 units, a year-on-year decrease of 28% or 42,000 units. Sales in the Middle East and Latin America plunged under economic downturns stemming from the fall in oil prices.

### (2) Summary of financial position

Total assets as at September 30, 2016 amounted to 1,178.2 billion yen: a decrease of 255.5 billion yen over the end of FY2015. Cash and cash deposits amounted to 343.6 billion yen: a decrease of 109.8 billion yen from the end of FY2015. Total liabilities amounted to 756.0 billion yen: an increase of 7.7 billion yen from the end of FY2015. Of total liabilities, the interest bearing debt balance was 33.9 billion yen, an increase of 6.8 billion yen from the end of FY2015. Net assets at the end of the second quarter of FY2016 amounted to 422.2 billion yen, a 263.2 billion yen decrease from the end of FY2015. This was due to factors including the net loss attributable to owners of the parent booked for the first two quarters of FY2016 as well as to dividend payouts.

### (3) Summary of earnings forecasts

Mitsubishi Motors Corporation has decided to revise net sales figures in its fiscal 2016 full-year (April 1, 2016 through March 31, 2017) consolidated earnings forecasts announced on October 19, 2016. These changes were made based on the 1H FY2016 operating results. The revisions are outlined below.

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2017

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic net income per share <sup>*1*2</sup>
Previously released forecast (A)	Millions of yen 1,840,000	Millions of yen — 28,000	Millions of yen — 28,000	Millions of yen — 240,000	Yen — 244.04
Revised forecast (B)	1,840,000	— 27,600	— 28,200	— 239,600	— 198.07
Variance (B – A)	—	400	— 200	400	
Variance (%)	—	1.4%	— 0.7%	0.2%	
(Ref.) Previous Fiscal Year ended March 31, 2016 results	2,267,849	138,377	141,027	72,575	73.80

\*1: The previously-released “Basic net income per share” is based on the number of outstanding stock (excluding treasury stock) at the end of the First Half.

\*2: The newly-revised “Basic net income per share” has been adjusted to reflect the issuance of new shares to Nissan Motor Co., Ltd. per the “Notice on Completion of Payment for Issuance of New Shares by Third-Party Allotment” announced on October 20, 2016.

## 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, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	453,371	343,587
Notes and accounts receivable-trade	172,119	109,920
Merchandise and finished goods	141,260	123,952
Work in process	19,601	19,039
Raw materials and supplies	28,467	29,657
Other	100,779	84,080
Allowance for doubtful accounts	(1,414)	(1,227)
Total current assets	914,183	709,009
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	80,205	71,680
Machinery, equipment and vehicles, net	123,157	97,721
Tools, furniture and fixtures, net	32,230	21,603
Land	91,752	89,355
Construction in progress	13,778	14,670
Total Property, plant and equipment	341,124	295,030
Intangible assets	16,519	17,743
Investments and other assets		
Investment securities	83,075	82,651
Other	84,798	79,310
Allowance for doubtful accounts	(5,975)	(5,557)
Total investments and other assets	161,897	156,404
Total noncurrent assets	519,541	469,178
Total assets	1,433,725	1,178,187

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	362,066	326,497
Electronically recorded obligations	27,093	17,320
Short-term loans payable	12,379	22,226
Current portion of long-term loans payable	14,155	11,308
Accounts payable-other and accrued expenses	113,177	94,687
Income taxes payable	6,609	17,093
Provision for product warranties	41,561	44,310
Provision for loss on fuel economy test	20,567	88,540
Other	41,640	37,131
Total current liabilities	639,250	659,114
Noncurrent liabilities		
Long-term loans payable	540	379
Net defined benefit liability	34,002	32,574
Other	74,594	63,881
Total noncurrent liabilities	109,137	96,835
Total liabilities	748,387	755,949
<b>Net assets</b>		
Shareholders' equity		
Capital stock	165,701	165,701
Capital surplus	85,257	85,257
Retained earnings	488,590	261,127
Treasury stock	(220)	(220)
Total shareholders' equity	739,328	511,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,429	3,551
Deferred gains or losses on hedges	542	362
Foreign currency translation adjustment	(59,109)	(92,090)
Remeasurements of defined benefit plans	(14,043)	(12,738)
Total accumulated other comprehensive income	(68,181)	(100,915)
Non-controlling interests	14,189	11,287
Total net assets	685,337	422,237
Total liabilities and net assets	1,433,725	1,178,187

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

Consolidated statements of income	(Millions of yen)	
	FY2015 2 <sup>nd</sup> quarter (from April 1, 2015 to September 30, 2015)	FY2016 2 <sup>nd</sup> quarter (from April 1, 2016 to September 30, 2016)
Net sales	1,069,801	864,872
Cost of sales	847,006	748,183
Gross profit	222,795	116,689
Selling, general and administrative expenses		
Advertising and promotion expenses	45,628	35,412
Freightage expenses	27,798	21,631
Provision of allowance for doubtful accounts	284	(138)
Directors' compensations, salaries and allowances	34,347	32,801
Retirement benefit expenses	2,565	1,832
Depreciation	4,451	4,921
Research and development expenses	21,903	25,697
Other	27,390	26,157
Total selling, general and administrative expenses	164,368	148,315
Operating income (loss)	58,426	(31,625)
Non-operating income		
Interest income	2,611	1,823
dividends income	1,369	1,496
Equity in earnings of affiliates	4,111	3,593
Other	299	353
Total non-operating income	8,392	7,267
Non-operating expenses		
Interest expenses	934	541
Foreign exchange losses	6,153	1,568
Other	1,213	1,750
Total non-operating expenses	8,301	3,860
Ordinary income (loss)	58,517	(28,218)
Extraordinary income		
Gain on sales of noncurrent assets	9,702	771
Compensation income for expropriation	-	1,403
Gain on sales of investment in capital of subsidiaries and affiliates	-	816
Other	13	348
Total extraordinary income	9,716	3,339
Extraordinary loss		
Loss on retirement of noncurrent assets	1,048	1,184
Impairment loss	572	483
Loss on fuel economy test	-	166,182
Other	264	2,603
Total extraordinary losses	1,885	170,454
Income (loss) before income taxes	66,347	(195,333)
Income taxes	9,677	10,885
Income taxes for prior periods	-	12,619
Net income (loss)	56,670	(218,838)
Net income (loss) attributable to non-controlling interests	4,593	756
Net income (loss) attributable to owners of the parent	52,076	(219,595)



## Consolidated statements of comprehensive income

(Millions of yen)

	FY2015 2 <sup>nd</sup> quarter (from April 1, 2015 to September 30, 2015)	FY2016 2 <sup>nd</sup> quarter (from April 1, 2016 to September 30, 2016)
Net income (loss)	56,670	(218,838)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,835)	(876)
Deferred gains or losses on hedges	(1,149)	(54)
Foreign currency translation adjustment	(25,266)	(25,887)
Remeasurements of defined benefit plans	528	1,402
Share of other comprehensive income of associates accounted for using equity method	1,000	(9,225)
Total other comprehensive income	(27,722)	(34,641)
Comprehensive income	28,947	(253,480)
Comprehensive income attributable to:		
Owners of the parent	25,078	(252,329)
Non-controlling interests	3,869	(1,150)

**(3) Consolidated statements of cash flows**

(Millions of yen)

	FY2015 2 <sup>nd</sup> quarter (from April 1, 2015 to September 30, 2015)	FY2016 2 <sup>nd</sup> quarter (from April 1, 2016 to September 30, 2016)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	66,347	(195,333)
Depreciation	30,581	24,119
Impairment loss	572	483
Loss on fuel economy test	-	166,182
Increase (decrease) in allowance for doubtful accounts	(2,163)	(155)
Increase (decrease) in net defined benefit liability	(39,738)	259
Interest and dividends income	(3,981)	(3,320)
Interest expenses	934	541
Foreign exchange losses (gains)	136	(539)
Equity in (earnings) losses of affiliates	(4,111)	(3,593)
Loss (gain) on sales and retirement of non-current assets	(8,527)	625
Decrease (increase) in notes and accounts receivable-trade	490	56,317
Decrease (increase) in inventories	17,167	2,741
Change in finance receivables	65,110	-
Increase (decrease) in notes and accounts payable-trade	(12,355)	(30,162)
Other, net	(5,059)	(7,135)
Subtotal	105,405	11,029
Interest and dividends income received	6,452	7,127
Interest expenses paid	(1,054)	(456)
Payments related to fuel economy test	-	(64,493)
Income taxes paid	(18,397)	(13,044)
Net cash provided by (used in) operating activities	92,405	(59,837)
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(16,230)	(30)
Purchase of property, plant and equipment	(40,093)	(30,731)
Proceeds from sales of property, plant and equipment	61,185	3,040
Payments of long-term loans receivable	(13)	(6,886)
Collection of long-term loans receivable	827	267
Other, net	(8,962)	(3,656)
Net cash provided by (used in) investment activities	(3,287)	(37,996)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(79,020)	11,799
Proceeds from long-term loans payable	2,705	835
Repayment of long-term loans payable	(22,594)	(3,582)
Cash dividends paid	(8,337)	(7,843)
Cash dividends paid to non-controlling interests	(1,425)	(1,649)
Other, net	(1,497)	(586)
Net cash provided by (used in) financing activities	(110,169)	(1,028)
Effect of exchange rate change on cash and cash equivalents	(11,955)	(20,949)
Net increase (decrease) in cash and cash equivalents	(33,006)	(119,812)
Cash and cash equivalents at beginning of period	395,526	462,440
Cash and cash equivalents at end of period	362,520	342,628

**(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

FY2015 2<sup>nd</sup> quarter (from April 1, 2015 to September 30, 2015)

For information on reportable segment, please refer to “Change in reportable segments” in FY2016 2nd quarter.

(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 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

FY2016 2<sup>nd</sup> quarter (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”.

(Change in reportable segments)

The Group’s reportable segments were previously classified as “automobile business” and “financial service business”. Effective FY2016 1st quarter, the Group changed its reportable segments to a single reportable segment which is “automobile business”.

As a result of the transferring finance receivables and leased vehicles of Mitsubishi Motors Credit of America Inc., a subsidiary in the United States in FY2015 2nd quarter, the scale of operations of “financial service business” have significantly decreased.

Accordingly, information on reportable segment is omitted for 2nd quarter of FY2015 and FY2016 as the Group now operates in a single reportable segment.

(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	107,254	145,476	215,726	191,772	98,559	106,083	864,872

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, Puerto Rico, U.A.E.

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	501,062	132,509	27,520	94,621	98,559	10,599	864,872	–	864,872
(2) Intersegment sales & transfers	233,037	4,233	2,603	218,712	105	0	458,691	(458,691)	–
Total	734,100	136,742	30,123	313,334	98,664	10,599	1,323,564	(458,691)	864,872
Operating income (loss)	(78,859)	1,767	2,781	30,450	5,720	652	(37,486)	5,860	(31,625)

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

## Subsequent event

### (Issuance of new shares through a third-party allotment)

In relation to the issuance of new share to Nissan Motors Co., Ltd. by third-party allotment, which was resolved at the board of directors meeting held on May 12, 2016, the payment procedures were completed and the new shares were issued on October 20, 2016. An outline is as follows:

- |  |  |                     |
|--|--|---------------------|
| 1. Type and number of offered shares                     | 506,620,577 shares of common stock   |                     |
| 2. Amount to be paid for the offered shares              | 468.52 yen per share   |                     |
| 3. Total Amount to be paid                               | 237,361,872,737 yen  |                     |
| 4. Amount of capital and capital reserve to be increased | Amount of capital to be increased  | 118,680,936,369 yen |
|  | Amount of capital reserve to be increased  | 118,680,936,368 yen |
| 5. Payment date  | October 20, 2016   |                     |
| 6. Purpose of raising funds                              | The funds will be allocated to strengthening strategic product research and development, upgrading research and development equipment, and reforming IT systems. |                     |