

May 9, 2019

Consolidated Financial Results for FY 2018 Full Year (April 1, 2018 through March 31, 2019) [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, Representative Director, CEO
 Contact: Keiko Sasaki, General Manager of IR Office
 TEL: +81-3-3456-1111 (from overseas)
 Scheduled date for ordinary general shareholders' meeting: June 21, 2019
 Scheduled date to file Securities Report: June 21, 2019
 Scheduled date to deliver cash dividends: June 24, 2019

1. Consolidated performance for the full year 2018 (April 1, 2018 to March 31, 2019)

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

(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	%
FY2018	2,514,594	14.7	111,815	13.9	119,850	8.8	132,871	23.5
FY2017	2,192,389	15.0	98,201	1,818.6	110,127	1,131.2	107,619	-

Reference: Comprehensive income FY 2018 : ¥131,381 million (18.7%) FY2017 : ¥110,713 million

	Net income per share-basic	Net income per share-diluted	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY2018	89.26	89.18	16.1	6.6	4.4
FY2017	72.23	72.20	14.6	7.0	4.5

Note: Equity income from affiliates FY 2018 : ¥17,005 million FY 2017 : ¥20,579 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2019	2,010,309	881,203	43.4	585.75
March 31, 2018	1,646,240	796,562	47.4	524.12

Reference: Shareholders' Equity As of March 31, 2019: ¥871,785 million As of March 31, 2018: ¥780,968 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash & cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2018	146,053	(144,906)	(74,966)	489,456
FY2017	119,624	(97,093)	(23,161)	559,036

2. Cash dividends

Record Date	Cash dividend per share					Total annual cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2017	–	7.00	–	10.00	17.00	25,331	23.5	3.4
FY2018	–	10.00	–	10.00	20.00	29,772	22.4	3.6
FY2019 (Forecast)	–	10.00	–	10.00	20.00		45.8	

3. Consolidated earnings forecasts for fiscal year 2019 (from April 1, 2019 to March 31, 2020)

(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
	2,580,000	2.6	90,000	(19.5)	100,000	(16.6)	65,000	(51.1)	43.67

Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards: Yes
 - (ii) Changes in accounting policies due to other reasons: No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No
- (3) Number of shares issued and outstanding (common stocks)
 - (i) Total number of shares issued and outstanding at the end of the period (including treasury stock)

As of March 31, 2019:	1,490,282,496 shares
As of March 31, 2018:	1,490,282,496 shares
 - (ii) Number of shares of treasury stock at the end of the period

As of March 31, 2019:	1,969,600 shares
As of March 31, 2018:	222,186 shares
 - (iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2019:	1,488,627,380 shares
As of March 31, 2018:	1,490,060,341 shares

* Annual audit procedures:

This document is out of the scope of Audit by the independent Auditor.

* Proper use of earnings forecasts, and other special matters:

This material contains forward-looking statements, based on judgments and estimates that have been made on the basis of currently available information. By nature, such statements are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned statements due to changes in economic environments related to our business, market trends, fluctuations in interest rates and exchange rate, changes in laws, regulations and government policies, etc.

Potential risks and uncertainties are not limited to the above and Mitsubishi Motors is not under any obligation to update the information in this material to reflect any developments or events in the future.

If you are interested in investing in Mitsubishi Motors, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mitsubishi Motors nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mitsubishi Motors based on the information shown in this material.

(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. Overview of Financial Results, etc.

(1) Overview of Financial Results

Global sales volume for the 12 months ended March 31, 2019 increased 13% year-on-year to 1,244,000 units.

In the ASEAN region, sales of XPANDER MPV increased 17% to 318,000 units from the previous fiscal year, with sales expanding from the launch market of Indonesia to the Philippines, Thailand, and Vietnam.

In Japan, sales of Eclipse Cross, Outlander PHEV and Delica D:5 helped lift volumes by 7% to 105,000 units, maintaining a recovery trend in demand for Mitsubishi models. In addition, at the end of FY2018, we launched the new Kei-car, eK Wagon and eK Cross.

Sales volumes increased year-on-year in all regions, including our Bed-rock market, Oceania and our Focus markets, North America and China, as well as other territories. Thus, we have largely achieved the full-year forecast for unit sales announced at the beginning of FY2018.

Consolidated net sales for the fiscal year 2018 were 2,514.6 billion yen (an increase by 322.2 billion yen year on year, or up 15% year on year).

Consolidated operating profit was 111.8 billion yen (an increase of 13.6 billion yen year on year). Consolidated ordinary profit was 119.9 billion yen (an increase of 9.8 billion yen year on year). Net income attributable to the shareholders of the parent company was 132.9 billion yen (an increase of 25.3 billion yen year on year).

(2) Overview of Financial Position

Total assets at the end of fiscal year 2018 amounted to 2,010.3 billion yen (an increase of 364.1 billion yen from the end of fiscal year 2017). Cash and cash deposits amounted to 500.9 billion yen (a decrease of 71.0 billion yen from the end of fiscal year 2017). Total liabilities amounted to 1,129.1 billion yen (an increase of 279.4 billion yen from the end of fiscal year 2017). Of total liabilities, the interest bearing debt balance was 228.7 billion yen (an increase of 202.1 billion yen from the end of fiscal year 2017). Net assets amounted to 881.2 billion yen (an increase 84.6 billion yen from the end of fiscal year 2017).

(3) Overview of Cash Flow

Cash flows from operating activities came to a net inflow of 146.1 billion yen. This compared to a net inflow of 119.6 billion yen in fiscal 2017.

Cash flows from investing activities came to a net outflow of 144.9 billion yen. This compared to a net outflow of 97.1 billion yen in fiscal 2017.

Cash flows from financing activities came to a net outflow of 75.0 billion yen. This compared to a net outflow of 23.2 billion yen in fiscal 2017.

As a result, the balance of cash and cash equivalents at the end of fiscal 2017 stood at 489.5 billion yen. This compared to a balance of 559.0 billion yen at the end of fiscal 2017.

Trends in key cash flow ratios

	FY2014	FY2015	FY2016	FY2017	FY2018
Ratio of shareholders' equity (%)	41.6	46.8	46.5	47.4	43.4
Ratio of market value to assets (%)	67.4	57.8	67.2	68.5	43.5
Debt repayment coverage (years)	0.8	0.1	(0.3)	0.2	1.6
Interest coverage ratio (%)	41.0	120.2	(38.7)	34.1	38.9

Definitions:

Ratio of shareholders' equity: Shareholders' equity / total assets (excluding minority interest)

Ratio of market value to assets: Total market value of shares / total assets (excluding minority interest)

Debt repayment coverage: Interest bearing liabilities / cash flow from operating activities interest coverage ratio: Cash flows from operating activities / interest payments

- All figures are calculated based on consolidated financial data.
- Total market value of shares is the closing market share price at the end of the period multiplied by the number of outstanding shares (excluding treasury shares) at the end of the period.
- Operating cash flows used.
- Interest bearing liabilities indicate all liabilities listed on the consolidated balance sheet for which interest is paid.

(4) Financial Forecast

Forecast for the fiscal year 2019

The outlook for the fiscal year 2019 (ending March 31, 2020) is as follows:

	FY 2019 Full-year
Net sales	2,580 billion yen
Operating profit	90 billion yen
Ordinary profit	100 billion yen
Net income attributable to owners of the Parent	65 billion yen

The forecast for consolidated retail sales volume is as follows: (1,000 units)

Region	FY 2019 Forecast	FY 2018 Results
Japan	132	105
North America	169	173
Europe	240	236
Asia	511	480
Others	253	250
Total	1,305	1,244

*Changed the regional division of some countries in Asia and Europe from "Asia and Europe" to "Others" from FY 2018. According to this division, revised our figures in the above.

*This material contains forward-looking statements, based on judgments and estimates that have been made on the basis of currently available information. By nature, such statements are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned statements due to changes in economic environments related to our business, market trends, fluctuations in interest rates and exchange rate, changes in laws, regulations and government policies, etc.

Potential risks and uncertainties are not limited to the above and Mitsubishi Motors is not under any obligation to update the information in this presentation to reflect any developments or events in the future.

If you are interested in investing in Mitsubishi Motors, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mitsubishi Motors nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mitsubishi Motors based on the information shown in this presentation.

2. Basic premise on accounting standards

In consideration of possibilities that these consolidated financial statements may be subject to trend analysis and/or comparison with other companies' financial statements, the MMC Group's policy is to produce its consolidated financial statements according to Japanese accounting standards.

The MMC Group's policy regarding harmonization with IFRS is to apply appropriate measures based on consideration of domestic and overseas economic situation(s).

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	571,911	500,924
Notes and accounts receivable - trade	176,020	126,398
Finance receivables	-	294,423
Merchandise and finished goods	143,332	175,052
Work in process	21,901	18,553
Raw materials and supplies	38,551	40,803
Short-term loans receivable	806	681
Other	95,542	125,410
Allowance for doubtful accounts	(1,229)	(1,790)
Total current assets	1,046,837	1,280,457
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	89,314	106,095
Machinery, equipment and vehicles, net	113,266	131,431
Tools, furniture and fixtures, net	46,237	61,482
Land	94,565	116,201
Construction in progress	33,698	37,306
Total property, plant and equipment	377,082	452,517
Intangible assets	29,022	39,786
Investments and other assets		
Investment securities	97,699	93,328
Long-term loans receivable	6,218	5,115
Retirement benefit asset	4,198	5,033
Deferred tax assets	20,925	58,772
Other	70,178	81,724
Allowance for doubtful accounts	(5,921)	(6,426)
Total investments and other assets	193,298	237,548
Total non-current assets	599,402	729,852
Total assets	1,646,240	2,010,309

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	426,312	391,785
Electronically recorded obligations - operating	22,897	50,311
Short-term loans payable	10,589	44,419
Commercial papers	-	50,800
Current portion of long-term loans payable	15,893	50,377
Lease obligations	504	777
Accounts payable - other and accrued expenses	165,963	196,695
Income taxes payable	11,272	11,352
Provision for product warranties	46,733	48,915
Provision for loss on fuel economy test	15,478	3,758
Other	29,896	74,072
Total current liabilities	745,541	923,267
Non-current liabilities		
Long-term loans payable	90	83,122
Lease obligations	639	1,499
Deferred tax liabilities	22,601	20,018
Retirement benefit liability	42,596	51,615
Other	38,209	49,582
Total non-current liabilities	104,135	205,838
Total liabilities	849,677	1,129,105
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	203,938	200,072
Retained earnings	363,382	463,092
Treasury shares	(220)	(1,728)
Total shareholders' equity	851,482	945,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,158	7,353
Deferred gains or losses on hedges	526	652
Foreign currency translation adjustment	(59,966)	(61,281)
Remeasurements of defined benefit plans	(18,232)	(20,758)
Total accumulated other comprehensive income	(70,514)	(74,033)
Share acquisition rights	106	356
Non-controlling interests	15,487	9,062
Total net assets	796,562	881,203
Total liabilities and net assets	1,646,240	2,010,309

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	2,192,389	2,514,594
Cost of sales	1,730,278	2,057,340
Gross profit	462,111	457,254
Selling, general and administrative expenses		
Advertising and promotion expenses	110,047	72,971
Freightage expenses	42,316	53,900
Provision of allowance for doubtful accounts	33	395
Remuneration, salaries and allowances for directors (and other officers)	71,758	74,157
Retirement benefit expenses	3,509	4,071
Depreciation	12,506	13,963
Research and development expenses	56,066	65,920
Other	67,671	60,058
Total selling, general and administrative expenses	363,909	345,439
Operating profit (loss)	98,201	111,815
Non-operating income		
Interest income	3,464	5,045
Dividend income	2,090	1,647
Share of profit of entities accounted for using equity method	20,579	17,005
Other	949	2,996
Total non-operating income	27,084	26,694
Non-operating expenses		
Interest expenses	3,499	3,709
Foreign exchange losses	8,370	6,909
Litigation expenses	1,564	1,996
Other	1,723	6,043
Total non-operating expenses	15,158	18,659
Ordinary profit (loss)	110,127	119,850
Extraordinary income		
Gain on sales of non-current assets	306	656
Gain on sales of investment securities	328	1
Reversal of provision for fuel economy test	-	2,922
Gain on step acquisitions	-	1,081
Gain on dissolution of employee's pension fund	1,434	-
Other	217	216
Total extraordinary income	2,287	4,877

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary losses		
Loss on retirement of non-current assets	2,418	2,508
Loss on sales of non-current assets	139	195
Impairment loss	2,636	854
Loss on disaster	-	2,216
Loss on fuel economy test	2,262	-
Compensation for production transfer	984	-
Other	924	600
Total extraordinary losses	9,365	6,376
Profit (loss) before income taxes	103,049	118,352
Income taxes - current	11,675	22,576
Income taxes for prior periods	(8,616)	(761)
Income taxes - deferred	(6,261)	(38,458)
Total income taxes	(3,203)	(16,644)
Profit (loss)	106,253	134,996
Profit (loss) attributable to non-controlling interests	(1,366)	2,124
Profit (loss) attributable to owners of parent	107,619	132,871

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit (loss)	106,253	134,996
Other comprehensive income		
Valuation difference on available-for-sale securities	(311)	195
Deferred gains or losses on hedges	330	(79)
Foreign currency translation adjustment	1,332	3,567
Remeasurements of defined benefit plans, net of tax	2,174	(2,599)
Share of other comprehensive income of entities accounted for using equity method	933	(4,699)
Total other comprehensive income	4,460	(3,614)
Comprehensive income	110,713	131,381
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	113,022	129,186
Comprehensive income attributable to non-controlling interests	(2,309)	2,195

(3) Consolidated statements of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2018	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	284,382	203,938	277,281	(220)	765,381
Cumulative effects of changes in accounting policies					
Restated balance	284,382	203,938	277,281	(220)	765,381
Changes of items during period					
Dividends of surplus			(17,880)		(17,880)
Profit (loss) attributable to owners of parent			107,619		107,619
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation			(3,457)		(3,457)
Change in ownership interest of parent due to transactions with non-controlling interests					
Change of scope of equity method			(180)		(180)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	86,101	(0)	86,101
Balance at end of current period	284,382	203,938	363,382	(220)	851,482

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,480	627	(62,739)	(20,295)	(74,926)	-	13,008	703,463
Cumulative effects of changes in accounting policies								
Restated balance	7,480	627	(62,739)	(20,295)	(74,926)	-	13,008	703,463
Changes of items during period								
Dividends of surplus								(17,880)
Profit (loss) attributable to owners of parent								107,619
Purchase of treasury shares								(0)
Change of scope of consolidation								(3,457)
Change in ownership interest of parent due to transactions with non-controlling interests								
Change of scope of equity method								(180)
Net changes of items other than shareholders' equity	(322)	(101)	2,773	2,062	4,411	106	2,479	6,997
Total changes of items during period	(322)	(101)	2,773	2,062	4,411	106	2,479	93,098
Balance at end of current period	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	796,562

(Millions of yen)

For the fiscal year ended March 31, 2019	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	284,382	203,938	363,382	(220)	851,482
Cumulative effects of changes in accounting policies			(2,386)		(2,386)
Restated balance	284,382	203,938	360,995	(220)	849,096
Changes of items during period					
Dividends of surplus			(29,783)		(29,783)
Profit (loss) attributable to owners of parent			132,871		132,871
Purchase of treasury shares				(1,507)	(1,507)
Change of scope of consolidation			(991)		(991)
Change in ownership interest of parent due to transactions with non-controlling interests		(3,866)			(3,866)
Change of scope of equity method					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(3,866)	102,097	(1,507)	96,722
Balance at end of current period	284,382	200,072	463,092	(1,728)	945,818

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	796,562
Cumulative effects of changes in accounting policies								(2,386)
Restated balance	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	794,176
Changes of items during period								
Dividends of surplus								(29,783)
Profit (loss) attributable to owners of parent								132,871
Purchase of treasury shares								(1,507)
Change of scope of consolidation								(991)
Change in ownership interest of parent due to transactions with non-controlling interests								(3,866)
Change of scope of equity method								
Net changes of items other than shareholders' equity	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	(9,694)
Total changes of items during period	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	87,027
Balance at end of current period	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,203

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit (loss) before income taxes	103,049	118,352
Depreciation	52,551	62,179
Impairment loss	2,636	854
Loss on fuel economy test	2,262	-
Increase (decrease) in allowance for doubtful accounts	(16)	431
Increase (decrease) in retirement benefit liability	2,115	4,554
Interest and dividend income	(5,555)	(6,692)
Interest expenses	3,499	3,709
Foreign exchange losses (gains)	5,430	(1,107)
Share of loss (profit) of entities accounted for using equity method	(20,579)	(17,005)
Loss (gain) on sales and retirement of non-current assets	2,251	2,047
Decrease (increase) in notes and accounts receivable - trade	(11,730)	51,237
Decrease(increase) in financial receivables	-	(29,412)
Decrease (increase) in inventories	(37,504)	(20,372)
Increase (decrease) in notes and accounts payable - trade	47,485	(9,495)
Other, net	(384)	8,927
Subtotal	145,510	168,208
Interest and dividend income received	10,982	10,415
Interest expenses paid	(3,507)	(3,757)
Payments related to fuel economy test	(13,221)	(1,443)
Income taxes paid	(20,140)	(27,370)
Net cash provided by (used in) operating activities	119,624	146,053
Cash flows from investing activities		
Decrease (increase) in time deposits	(11,997)	1,409
Purchase of property, plant and equipment	(72,251)	(123,200)
Proceeds from sales of property, plant and equipment	2,989	5,024
Purchase of intangible assets	(11,497)	(15,363)
Proceeds from sales of investment securities	682	5
Decrease (increase) in short-term loans receivable	155	18
Payments of long-term loans receivable	(1,517)	(5)
Collection of long-term loans receivable	744	413
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(6,668)
Other, net	(4,401)	(6,539)
Net cash provided by (used in) investing activities	(97,093)	(144,906)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(4,510)	(11,609)
Increase (decrease) in commercial papers	-	15,800
Proceeds from long-term loans payable	2,375	53,989
Repayments of long-term loans payable	(301)	(79,943)
Cash dividends paid	(17,938)	(29,750)
Dividends paid to non-controlling interests	(2,085)	(14,191)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(7,197)
Other, net	(700)	(2,063)
Net cash provided by (used in) financing activities	(23,161)	(74,966)
Effect of exchange rate change on cash and cash equivalents	(3,167)	3,896
Net increase (decrease) in cash and cash equivalents	(3,797)	(69,923)
Cash and cash equivalents at beginning of period	555,906	559,036
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	6,927	232
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	111
Cash and cash equivalents at end of period	559,036	489,456

(5) Notes to consolidated financial statements

Notes on premise of going concern

There is no item to be reported.

Changes in accounting policies

Overseas consolidated subsidiaries:

1) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" has been applied from the beginning of the fiscal year ended March 31, 2019, excluding subsidiaries in North America.

Due to this application, classifications and measurement methods for financial instruments have been revised and for financial assets, impairments have been recognized under the expected credit loss model. For its choice on what method to use for the transition approach in the application of these standards, the MMC Group chose to recognize the amount of the cumulative effect arising from the application of these standards on the starting date of the application of these standards, and the amount of the cumulative effect has been added or subtracted from the retained earnings at the beginning of the fiscal year ending March 31, 2019.

The effect of this change in accounting policy on consolidated profit and loss in the twelve months ended March 31, 2019 is immaterial.

2) IFRS 15 and ASC Topic 606 "Revenue from Contracts with Customers":

IFRS 15 and ASC 606 "Revenue from Contracts with Customers" have been applied from the beginning of the fiscal year ended March 31, 2019.

In line with this adoption, revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services. For its choice on what method to use for the transition approach in the application of these standards, the MMC Group chose to recognize the amount of the cumulative effect arising from the application of these standards on the starting date of the application of these standards, and the amount of the cumulative effect has been added or subtracted from the retained earnings at the beginning of the current fiscal year ended March 31, 2019.

As a result, the balance of retained earnings at the beginning of the current fiscal year decreased by ¥2,386 million, and the effect of this change in accounting policy on consolidated profit and loss in the twelve months ended March 31, 2019 is immaterial.

Previously, for a part of payments to customers, the respective amounts were recorded as selling, general and administrative expenses. However, from the beginning of the fiscal year ended March 31, 2019, these amounts are deducted from net sales.

As a result, on the consolidated statements of income, net sales and selling, general and administrative expenses for FY 2018, decreased by ¥54,447 million, compared with the amounts of the consolidated statements of income which were calculated in line with application of prior accounting standards.

Additional information

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidance

"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on February 16, 2018) has been applied from the beginning of the fiscal year ended March 31, 2019. Deferred tax assets are presented in the "Investment and other assets" of the balance sheet, and Deferred tax liabilities are presented in the "Non-current liabilities".

Segment information

(1) Segment Information

FY 2018 (from April 1, 2018 to March 31, 2019)

(Change in reportable segments)

The Group's reportable segments were previously classified as "automobile business". Effective FY2018 1st quarter, as a result of making MMC Diamond Finance Corporation, an equity-method associate, a subsidiary by purchasing additional shares, the Group changed its reportable segments to two reportable segments which are "automobile business" and "financial service business".

1. Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available, and for which operating results are regularly reviewed by MMC's decision making bodies including the Board of Directors to determine resource allocation to the segments and to assess their performance.

The main business of the Group is automobile business, involving development, design, manufacturing and sales of automobiles and component parts. In addition, as financial service business, we engage in sales finance and leasing services for Group products. Accordingly, based on the types of products and services offered, the Group determined "automobile business" and "financial service business" as two reportable segments.

2. Calculation method of net sales, profit or loss, assets and other items by reportable segments

The accounting method for the reportable segments is the same as basis of preparation for the consolidated financial statements.

Inter-segment sales and adjustments are based on the price in the arms-lengths transaction.

3. Net sales and income (loss), assets and other items for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	2,491,241	23,353	2,514,594	-	2,514,594
(2) Intersegment sales & transfers	4,359	732	5,092	(5,092)	-
Total	2,495,601	24,086	2,519,687	(5,092)	2,514,594
Segment income (loss)	108,380	4,069	112,450	(635)	111,815
Segment assets	1,758,273	338,447	2,096,721	(86,411)	2,010,309
Other items					
Depreciation (Note 3)	59,271	2,908	62,179	-	62,179
Investment in equity method affiliates	109,433	-	109,433	-	109,433
Increase in property, plant and equipment and intangible assets (Note 3)	145,676	5,360	151,036	-	151,036

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.

3. Depreciation, increase in property, plant and equipment and intangible assets, include the long-term prepaid expenses and depreciation.

(2) Related Information

FY 2018 (from April 1, 2018 to March 31, 2019)

1. Information by products and services

Information by products and services is omitted as this information is defined as the information by reportable segments.

2. Information by geographic region

1) Net sales

Net sales to 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	428,674	387,850	514,070	663,937	221,617	298,444	2,514,594

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

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

Supplementary information

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

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total	Adjustment	Grand total
Net sales									
(1) External customers	1,211,792	365,004	225,744	479,491	221,617	10,945	2,514,594	-	2,514,594
(2) inter-segment sales	876,428	7,328	2,693	555,121	30	-	1,441,602	(1,441,602)	-
Total	2,088,220	372,332	228,437	1,034,612	221,647	10,945	3,956,197	(1,441,602)	2,514,594
Operating profit (loss)	20,676	14,094	9,073	62,746	5,084	398	112,074	(258)	111,815

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

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

Per share information

(Yen)

For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	
Net assets per share	585.75
Net income(loss) per share - basic	89.26
Net income per share - diluted	89.18

Note: Basis for calculating net income per share - basic is shown below.

(Millions of yen)

	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Net income per share - basic	
Net income(loss) attributable to owners of the parent	132,871
Gain not attributable to ordinary shareholders	-
Net income(loss) attributable to owners of the parent related to common stock	132,871
Average number of shares of common stock outstanding during the period (Unit: Thousands of shares)	1,488,627
Net income per share - diluted	
Adjustment to Net income attributable to owners of the parent	-
Increase in number of shares of common stock (Unit: Thousands of shares)	1,343
(Subscription rights to shares)	(1,343)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effect, which had significant changes from the previous consolidated fiscal year	-

Subsequent event

There is no item to be reported.