

Consolidated Financial Results
For the First Half of the Fiscal Year Ending March 31, 2017
(For the Six Months Ended September 30, 2016)



Prepared in Conformity with Generally Accepted Accounting Principles in Japan
 English Translation from the Original Japanese-Language Document

November 2, 2016

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Filing of *Shihanki Hokokusho*, quarterly securities report : Scheduled for November 11, 2016
 Payment of Dividends : Scheduled for November 30, 2016
 Supplementary Material : Yes
 Briefing Session : Yes (Intended for securities analysts, institutional investors and media)

(in Japanese yen rounded to millions, except amounts per share)

1. Consolidated Financial Highlights (April 1, 2016 through September 30, 2016)

(1) Consolidated Financial Results

(Percentage indicates change from same period of the previous fiscal year)

	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	%
FY2017 1st Half	1,546,339	(9.1)	88,318	(29.8)	82,620	(31.7)	56,094	(36.5)
FY2016 1st Half	1,700,533	17.0	125,885	21.1	121,053	13.1	88,318	(5.3)

Note: Comprehensive income
FY2017 1st Half **30,769 millions of yen** (**(63.1)** %)
FY2016 1st Half 83,353 millions of yen ((14.4) %)

	Net Income Per Share	Net Income Per Share (Diluted)
FY2017 1st Half	93.83 yen	93.83 yen
FY2016 1st Half	147.73	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2016	2,419,352 millions of yen	1,001,892 millions of yen	40.5 %
March 31, 2016	2,548,401	976,723	37.4

Reference: Net Assets excluding non-controlling interests

As of September 30, 2016 **978,811 millions of yen**
 As of March 31, 2016 954,016 millions of yen

2. Dividends

	Dividends Per Share				
	1st. Qtr.	2nd. Qtr.	3rd. Qtr.	Year End	Full-Year
FY2016	- yen	15.00 yen	- yen	15.00 yen	30.00 yen
FY2017	-	15.00	-	-	-
FY2017 (Forecast)	-	-	-	20.00	35.00

Note: Revision of the dividend forecast most recently announced: None

3. Consolidated Financial Forecast (April 1, 2016 through March 31, 2017)

(Percentage indicates change from 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	%	yen
FY2017 Full Year	3,150,000	(7.5)	150,000	(33.9)	155,000	(30.7)	100,000	(25.6)	167.28

Note: Revision of the consolidated financial forecast most recently announced: Yes

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly added subsidiaries: None

Excluded subsidiaries: None

(2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies / Changes in accounting estimates / Restatement:

- | | |
|--|------|
| 1) Changes in accounting policies with accompanying revision of accounting standards | Yes |
| 2) Voluntary changes in accounting policies except 1) | None |
| 3) Changes in accounting estimates | None |
| 4) Restatement | None |

Note: Please refer to "(1) Changes in accounting policies / Changes in accounting estimates / Restatement" on Page 5 of the attachment.

(4) Number of outstanding shares (Common stock)

1) Number of outstanding shares (including treasury stock)

As of September 30, 2016	599,875,479 shares
As of March 31, 2016	599,875,479 shares

2) Number of treasury stock

As of September 30, 2016	2,058,793 shares
As of March 31, 2016	2,057,937 shares

3) Average number of outstanding shares

For 6 months ended September 30, 2016	597,817,180 shares
For 6 months ended September 30, 2015	597,819,728 shares

Note on Progress in Quarterly Review Procedures by Independent Auditors

This document is out of the scope of the quarterly review procedures based on the Financial Instruments and Exchange Act.

The quarterly review procedures for the financial statements under this Act have not been completed as of the timing of disclosure of this document.

Cautionary Statements with Respect to Forward-Looking Statements

The financial forecast and other descriptions of the future presented in this document are an outlook based on our judgments and projections. The judgments and projections are based on information presently available. As such, the financial forecast and future descriptions are subject to uncertainties and risks, and are not contemplated to ensure the fulfillment thereof. Accordingly, the actual financial performance may vary significantly due to various factors.

For detail such as precondition of the financial forecast, please refer to "1. Qualitative Information on Consolidated Results for the Quarterly Period - (3) Future Estimates such as Consolidated Financial Forecast" on page 4 of the attachment.

ATTACHMENT

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(Reference)

Financial Summary (Consolidated)

For the First Half of the Fiscal Year Ending March 31, 2017

1. Qualitative Information on Consolidated Results for the Quarterly period

(1) Consolidated Financial Results

Under the medium-term business plan “Structural Reform Stage 2” which begins from this fiscal year ending March 31, 2017, the Mazda Group has worked to provide customers with products that are attractive in terms of both driving pleasure and outstanding environmental and safety performance, and to further improve the brand value with the aim of qualitative growth of business in all areas.

In the second quarter accounting period (three-month period), we updated and launched two models of Mazda3 and Mazda6. These updated models feature the latest technologies such as “G-Vectoring Control”^(*1), the first round of technology for “SKYACTIV-VEHICLE DYNAMICS”^(*2), a series of new-generation vehicle motion control technologies. In the future, we will continue to update our SKYACTIV models to quickly incorporate the latest designs, technologies, and features in an effort to increase both sales volumes and profitability.

Global retail volume for the first half of the fiscal year ending March 31, 2017 was 775 thousand units, up 1.4% year on year, owing to the contribution of Mazda CX-3 sales in global markets as well as the steady sales of all-new Mazda CX-9 and all-new Mazda CX-4 that we introduced in China.

Retail volume by market was as follows.

<Japan>

Retail volume was 93 thousand units, down 23.0% year on year, due to a reactionary decline from the introduction of Mazda2 and CX-3 in the same period of the previous year. With the introduction of the updated models of Mazda3 and Mazda6, however, sales are recovering.

<North America>

In the U.S., although SUV models such as the all-new CX-9 that was shifted into high gear and CX-3 contributed to sales volume, an increasingly competitive environment for the Sedan-based models led to lower sales volume, and overall retail volume was slightly decreased. For North America as a whole, retail volume was 224 thousand units, down 3.7% year on year, due to a sales decline in Mexico affected by the worsening exchange rate, etc.

<Europe>

Despite an effect from the decline in demand in Russia, retail volume was 134 thousand units, up 8.3 % year on year, due to the strong sales mainly in the key market of Germany. By automobile type, CX-3 and Mazda MX-5, which have maintained steady sales since their launches, contributed to the increase in sales volume.

<China>

Retail volume was 133 thousand units, up 21.9% year on year, driven by the Mazda3 due to the continued effects of tax reduction policy for small-engine vehicles implemented by the Chinese government, as well as the contributions from the all-new CX-4, which has maintained steady sales since its launch.

<Other markets>

Retail volume was 191 thousand units, up 7.2% year on year. In the key market of Australia, sales were increased due to the continued strong sales of CX-3, and in the ASEAN market, our sales volume in Vietnam and Thailand

(*1) G-Vectoring Control is the world’s first control system to vary engine torque in response to steering inputs in order to provide integrated control of lateral and longitudinal acceleration forces and optimize the vertical load on each wheel for smooth and efficient vehicle motion.

(*2) SKYACTIVE-VEHICLE DYNAMICS technologies provide integrated control of the engine, transmission, chassis and body to enhance the car’s *Jinba-Ittai* feel- a sense of connectedness between car and driver.

were increased. And also, in other markets, sales set records in New Zealand and Columbia, etc.

Financial performance on a consolidated basis for the first half of the fiscal year ending March 31, 2017 was as follows. Net sales amounted to ¥1,546.3 billion, a decrease of ¥154.2 billion or 9.1% compared to the corresponding period in the previous fiscal year, due to the impact of yen's appreciation. Operating income amounted to ¥88.3 billion, a decrease of ¥37.6 billion or 29.8% compared to the corresponding period in the previous fiscal year, due to the foreign exchange impact from the yen's appreciation, while we strengthened cost improvements through Monotsukuri Innovation. Ordinary income amounted to ¥82.6 billion, a decrease of ¥38.4 billion or 31.7% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥56.1 billion, a decrease of ¥32.2 billion or 36.5% compared to the corresponding period in the previous fiscal year.

Financial results by reportable segment for the first half of the fiscal year ending March 31, 2017 was as follows. In Japan, net sales amounted to ¥1,275.7 billion, a decrease of ¥144.4 billion or 10.2% compared to the corresponding period in the previous fiscal year, and operating income by segment (hereinafter referred to as "operating income") amounted to ¥39.5 billion, a decrease of ¥47.6 billion or 54.7% compared to the corresponding period in the previous fiscal year. In North America, net sales amounted to ¥625.6 billion, a decrease of ¥129.3 billion or 17.1% compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥14.1 billion, a decrease of ¥10.2 billion or 42.0% compared to the corresponding period in the previous fiscal year. In Europe, net sales amounted to ¥307.2 billion, a decrease of ¥28.4 billion or 8.5% compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥2.2 billion, a decrease of ¥1.9 billion or 46.6% compared to the corresponding period in the previous fiscal year. In other areas, net sales amounted to ¥282.3 billion, a decrease of ¥0.7 billion or 0.2% compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥13.8 billion, an increase of ¥3.1 billion or 29.1% compared to the corresponding period in the previous fiscal year.

(2) Consolidated Financial Position

(Assets, Liabilities and Net Assets)

As of September 30, 2016, total assets decreased ¥129.0 billion from the end of the previous fiscal year, to ¥2,419.4 billion. Total liabilities decreased ¥154.2 billion from the end of the previous fiscal year to ¥1,417.5 billion. Interest-bearing debt as of September 30, 2016 decreased ¥77.1 billion from the end of previous fiscal year to ¥540.0 billion. After subtracting cash and cash equivalents from the interest-bearing debt, net interest-bearing debt decreased ¥65.6 billion from the end of the previous fiscal year, as a result, the ending balance of cash and cash equivalents exceeded that of interest-bearing debt by ¥17.2 billion.

Net Assets as of September 30, 2016 increased ¥25.2 billion from the end of the previous fiscal year to ¥1,001.9 billion. Equity ratio increased 3.1 percentage points from the end of the previous fiscal year to 40.5% (Percentage after consideration of the equity credit attributes of the subordinated loan was 41.9%).

(Cash Flows)

Cash and cash equivalent as of September 30, 2016 decreased ¥11.5 billion from the end of the previous fiscal year

to ¥557.3 billion.

Net cash provided by operating activities for the first half of the fiscal year ending March 31, 2017 was ¥80.8 billion, reflecting income before income taxes of ¥76.2 billion and others. (For the first half of the previous fiscal year, net cash provided by operating activities was ¥140.7 billion.) Net cash used in investing activities was ¥12.1 billion, although there were proceeds from withdrawal of time deposits, mainly reflecting capital expenditure for the acquisition of property, plant and equipment of ¥40.9 billion. (For the first half of the previous fiscal year, net cash used in investing activities was ¥47.3 billion.) As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥68.6 billion. (For the first half of the previous fiscal year, consolidated free cash flow was positive ¥93.3 billion.) Net cash used in financing activities was ¥68.6 billion, mainly reflecting repayments of loans payable and dividends payable. (For the first half of the previous fiscal year, net cash used in financing activities was ¥48.3 billion.)

(3) Future Estimates such as Consolidated Financial Forecast

In light of recent trends in our business performance, we have revised the consolidated financial forecast for the Fiscal Year ending March 2017, as shown below. The prior forecast was announced on April 27, 2016.

For more information, please refer to "Notice of Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2017" that has been released today.

Consolidated Financial Forecast

	Full year	vs. Previous fiscal year
Net sales	¥3,150.0 billion	down 7.5 %
Operating income	¥150.0 billion	down 33.9 %
Ordinary income	¥155.0 billion	down 30.7 %
Net income attributable to owners of the parent	¥100.0 billion	down 25.6 %

The exchange rate assumptions for full year forecast are ¥104 to the dollar and ¥116 to the Euro (¥102 to the dollar and ¥114 to the Euro for the second half of the fiscal year).

Note: The forecast stated above is based on management's judgment and views in the light of information presently available. By nature, such forecasts are subject to risks and uncertainties, and are not contemplated to ensure the fulfillment thereof. Therefore, we advise against making an investment decision by solely relying on this forecast. Variables that could affect the actual financial results include, but are not limited to, the economic environments surrounding our business areas and fluctuations in yen-to-dollar and other exchange rates.

2. Matters Regarding Summary Information (Notes)

(1) Changes in accounting policies / Changes in accounting estimates / Restatement

(Changes in accounting policies)

(Application of Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes)

In accordance with the amendment in the Corporate Tax Code of Japan, a part of domestic consolidated subsidiaries have adopted the “Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes” (ASBJ Practical Issue Task Force (PITF) No. 32, issued on June 17, 2016) in the first quarter of the fiscal year ending March 31, 2017, and have changed the depreciation method for structures and attachment to buildings acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on the consolidated statement of operations for the first half of the fiscal year ending March 31, 2017 was immaterial.

(2) Additional Information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter of the fiscal year ending March 31, 2017, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets (September 30 and March 31, 2016)

(Millions of Yen)

As of	FY2016 March 31, 2016	FY2017 September 30, 2016
ASSETS		
Current Assets:		
Cash and deposits	457,655	412,255
Trade notes and accounts receivable	198,894	193,365
Securities	141,200	145,200
Inventories	383,515	349,890
Other	213,124	200,519
Allowance for doubtful receivables	(681)	(612)
Total current assets	1,393,707	1,300,617
Non-current Assets:		
Property, plant and equipment:		
Buildings and structures (net)	175,073	171,501
Machinery, equipment and vehicles (net)	248,455	246,848
Land	410,195	408,891
Leased assets (net)	4,686	4,177
Other (net)	99,111	95,263
Total property, plant and equipment	937,520	926,680
Intangible assets:	30,738	30,169
Investments and other assets:		
Investment securities	136,063	117,016
Asset for retirement benefits	2,887	3,133
Other	50,435	44,588
Allowance for doubtful receivables	(2,949)	(2,851)
Total investments and other assets	186,436	161,886
Total non-current assets	1,154,694	1,118,735
Total Assets	2,548,401	2,419,352

(Millions of Yen)

As of	FY2016 March 31, 2016	FY2017 September 30, 2016
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	374,637	346,822
Short-term loans payable	117,143	116,962
Bonds due within one year	350	-
Long-term loans payable due within one year	140,798	127,527
Lease obligations	1,896	1,780
Income taxes payable	31,784	6,642
Accrued expenses	168,799	163,233
Reserve for warranty expenses	104,723	103,325
Other	66,340	55,111
Total current liabilities	1,006,470	921,402
Non-current liabilities:		
Bonds	20,000	20,000
Long-term loans payable	333,661	270,959
Lease obligations	3,284	2,818
Deferred tax liability related to land revaluation	64,719	64,715
Reserve for loss on business of subsidiaries and affiliates	7,326	7,443
Reserve for environmental measures	677	676
Other reserves	312	295
Liability for retirement benefits	85,916	80,998
Other	49,313	48,154
Total non-current liabilities	565,208	496,058
Total Liabilities	1,571,678	1,417,460
NET ASSETS		
Capital and Retained Earnings:		
Common stock	258,957	258,957
Capital surplus	243,048	243,048
Retained earnings	367,601	416,635
Treasury stock	(2,228)	(2,230)
Total capital and retained earnings	867,378	916,410
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	3,721	2,919
Deferred gains/(losses) on hedges	(600)	1,022
Land revaluation	145,952	145,944
Foreign currency translation adjustment	(36,877)	(62,972)
Accumulated adjustments for retirement benefits	(25,558)	(24,512)
Total accumulated other comprehensive income	86,638	62,401
Subscription rights to shares	-	91
Non-controlling Interests	22,707	22,990
Total Net Assets	976,723	1,001,892
Total Liabilities and Net Assets	2,548,401	2,419,352

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first half ended September 30, 2016 and 2015)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the first half ended	FY2016 September 30, 2015	FY2017 September 30, 2016
Net sales	1,700,533	1,546,339
Cost of sales	1,274,655	1,166,749
Gross profit on sales	425,878	379,590
Selling, general and administrative expenses	299,993	291,272
Operating income	125,885	88,318
Non-operating income		
Interest income	1,700	1,492
Equity in net income of affiliated companies	11,904	14,847
Other	2,952	2,619
Total	16,556	18,958
Non-operating expenses		
Interest expense	6,393	5,086
Foreign exchange loss	11,640	13,280
Other	3,355	6,290
Total	21,388	24,656
Ordinary income	121,053	82,620
Extraordinary income		
Gain on sales of property, plant and equipment	58	191
Gain on sales of investment securities	-	20
Other	6	10
Total	64	221
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	3,217	1,434
Impairment loss	81	447
Reserve for loss on business of subsidiaries and affiliates	1,471	117
Business restructuring costs	-	4,647
Total	4,769	6,645
Income before income taxes	116,348	76,196
Income taxes		
Current	25,479	9,422
Deferred	1,039	9,155
Total	26,518	18,577
Net income	89,830	57,619
Net income attributable to:		
Non-controlling interests	1,512	1,525
Owners of the parent	88,318	56,094

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first half ended	FY2016 September 30, 2015	FY2017 September 30, 2016
Net income	89,830	57,619
Other comprehensive income/(loss):		
Net unrealized gain/(loss) on available-for-sale securities	1,274	(807)
Deferred gains/(losses) on hedges	314	1,587
Foreign currency translation adjustment	(8,856)	(14,301)
Adjustments for retirement benefits	212	1,068
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	579	(14,397)
Total	(6,477)	(26,850)
Comprehensive income	83,353	30,769
Comprehensive income attributable to:		
Owners of the parent	82,039	31,865
Non-controlling interests	1,314	(1,096)

(For the three months ended September 30, 2016 and 2015)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the three months ended	FY2016 September 30, 2015	FY2017 September 30, 2016
Net sales	894,526	770,135
Cost of sales	671,824	580,720
Gross profit on sales	222,702	189,415
Selling, general and administrative expenses	150,141	153,536
Operating income	72,561	35,879
Non-operating income		
Interest income	756	736
Equity in net income of affiliated companies	7,469	6,583
Foreign exchange gain	-	266
Other	883	894
Total	9,108	8,479
Non-operating expenses		
Interest expense	3,148	2,246
Foreign exchange loss	9,308	-
Other	2,777	4,420
Total	15,233	6,666
Ordinary income	66,436	37,692
Extraordinary income		
Gain on sales of property, plant and equipment	34	26
Other	1	91
Total	35	117
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	2,727	969
Impairment loss	55	62
Reserve for loss on business of subsidiaries and affiliates	1,246	4
Total	4,028	1,035
Income before income taxes	62,443	36,774
Income taxes		
Current	11,698	2,186
Deferred	(1,719)	(1,293)
Total	9,979	893
Net income	52,464	35,881
Net income attributable to:		
Non-controlling interests	899	1,017
Owners of the parent	51,565	34,864

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the three months ended	FY2016 September 30, 2015	FY2017 September 30, 2016
Net income	52,464	35,881
Other comprehensive income/(loss):		
Net unrealized gain/(loss) on available-for-sale securities	288	430
Deferred gains/(losses) on hedges	2,000	(924)
Foreign currency translation adjustment	(7,554)	(2,091)
Adjustments for retirement benefits	295	667
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(65)	(10,006)
Total	(5,036)	(11,924)
Comprehensive income	47,428	23,957
Comprehensive income attributable to:		
Owners of the parent	46,986	23,745
Non-controlling interests	442	212

(3) Quarterly Consolidated Statements of Cash Flows
(For the first half ended September 30, 2016 and 2015)

(Millions of Yen)

For the first half ended	FY2016 September 30, 2015	FY2017 September 30, 2016
Cash flows from operating activities:		
Income before income taxes	116,348	76,196
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	38,846	39,446
Impairment loss	81	447
Increase/(decrease) in allowance for doubtful receivables	(23)	136
Increase/(decrease) in reserve for warranty expenses	6,867	(1,398)
Increase/(decrease) in reserve for loss on business of subsidiaries and affiliates	3,459	117
Increase/(decrease) in liability for retirement benefits	(2,484)	(3,582)
Interest and dividend income	(2,073)	(1,694)
Interest expense	6,393	5,086
Equity in net loss/(income) of affiliated companies	(11,904)	(14,847)
Loss/(gain) on sales and retirement of property, plant and equipment	3,159	1,233
Decrease/(increase) in trade notes and accounts receivable	9,943	(5,738)
Decrease/(increase) in inventories	(22,358)	(1,703)
Increase/(decrease) in trade notes and accounts payable	766	(13,459)
Increase/(decrease) in other current liabilities	(3,851)	7,460
Other	9,307	14,790
Subtotal	152,476	102,490
Interest and dividends received	13,285	16,001
Interest paid	(6,557)	(5,602)
Income taxes refunded/(paid)	(18,544)	(32,129)
Net cash provided by/(used in) operating activities	140,660	80,760
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	-	26,928
Net decrease/(increase) in securities	-	3,000
Purchase of investment securities	(99)	(216)
Proceeds from sales and redemption of investment securities	-	291
Acquisition of property, plant and equipment	(44,314)	(40,944)
Proceeds from sales of property, plant and equipment	417	2,752
Acquisition of intangible assets	(3,406)	(3,945)
Net decrease/(increase) in short-term loans receivable	2	23
Payments of long-term loans receivable	(313)	(252)
Collections of long-term loans receivable	399	496
Other	(14)	(261)
Net cash provided by/(used in) investing activities	(47,328)	(12,128)
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	5,287	8,118
Proceeds from long-term loans payable	11,350	80,100
Repayments of long-term loans payable	(58,206)	(146,459)
Redemption of bonds	(50)	(350)
Repayments of lease obligations	(933)	(1,008)
Proceeds from stock issuance to non-controlling shareholders	297	-
Cash dividends paid	(5,978)	(8,967)
Cash dividends paid to non-controlling interests	(36)	(122)
Net decrease/(increase) in treasury stock	(2)	(2)
Other	-	70
Net cash provided by/(used in) financing activities	(48,271)	(68,620)
Effect of exchange rate fluctuations on cash and cash equivalents	(12,623)	(16,258)
Net increase/(decrease) in cash and cash equivalents	32,438	(16,246)
Cash and cash equivalents at beginning of the period	529,148	568,714
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	4,790
Cash and cash equivalents at end of the period	561,586	557,258

(4) Footnotes to the Quarterly Consolidated Financial Statements

(Note on the Assumptions as Going Concern)

None

(Significant Changes in the Amount of Equity)

None

(Segment Information)

I. FY2016 First Half (April 1, 2015 through September 30, 2015)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2016 First Half Ended September 30, 2015	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	514,638	595,574	327,750	262,571	1,700,533	-	1,700,533
Inter-segment	905,397	159,348	7,865	20,384	1,092,994	(1,092,994)	-
Total	1,420,035	754,922	335,615	282,955	2,793,527	(1,092,994)	1,700,533
Segment income	87,108	24,343	4,046	10,691	126,188	(303)	125,885

Notes: 1. The adjustment on segment income is eliminations of inter-segment transactions.

2. Segment income is reconciled with the operating income in the consolidated statement of operations for FY2016 first half ended September 30, 2015.

2) Impairment Loss on Property, Plant and Equipment and Goodwill by Reportable Segment

Impairment losses on property, plant and equipment, gains from negative goodwill and changes in the amount of goodwill, that were material, were not recognized.

II. FY2017 First Half (April 1, 2016 through September 30, 2016)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2017 First Half Ended September 30, 2016	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	471,046	517,441	299,468	258,384	1,546,339	-	1,546,339
Inter-segment	804,610	108,195	7,762	23,874	944,441	(944,441)	-
Total	1,275,656	625,636	307,230	282,258	2,490,780	(944,441)	1,546,339
Segment income	39,460	14,112	2,159	13,799	69,530	18,788	88,318

Notes: 1. The adjustment on segment income is eliminations of inter-segment transactions.

2. Segment income is reconciled with the operating income in the consolidated statement of operations for FY2017 first half ended September 30, 2016.

2) Impairment Loss on Property, Plant and Equipment and Goodwill by Reportable Segment

Impairment losses on property, plant and equipment, gains from negative goodwill and changes in the amount of goodwill, that were material, were not recognized.

4. Supplementary Information

Production and Sales Information

a) Production Volume

		FY2016 First Half Ended September 30, 2015	FY2017 First Half Ended September 30, 2016	Increase / (Decrease)
Vehicles		units	units	units
	Japan	476,968	468,273	(8,695)
	North America	107,933	88,901	(19,032)
Total		584,901	557,174	(27,727)

Note: Mazda-brand vehicles produced by the following equity method applied affiliate are counted among wholesales, but are not included in the production volume:

	FY2016 First Half Ended September 30, 2015	FY2017 First Half Ended September 30, 2016	Increase / (Decrease)
Auto Alliance (Thailand) Co., Ltd.	62,912 units	67,973 units	5,061 units

b) Sales by Reportable Segment

	FY2016 First Half Ended September 30, 2015	FY2017 First Half Ended September 30, 2016	Increase / (Decrease)
	millions of yen	millions of yen	millions of yen
Japan	514,638	471,046	(43,592)
North America	595,574	517,441	(78,133)
Europe	327,750	299,468	(28,282)
Other areas	262,571	258,384	(4,187)
Total	1,700,533	1,546,339	(154,194)

Note: Inter-segment transactions are eliminated from the sales figures shown in the above table.

c) Sales by Product Type

	FY2016 First Half Ended September 30, 2015		FY2017 First Half Ended September 30, 2016		Increase / (Decrease)	
Vehicles	units	millions of yen	units	millions of yen	units	millions of yen
	646,222	1,430,005	621,578	1,281,261	(24,644)	(148,744)
Knockdown Parts (Overseas)	-	39,305	-	37,828	-	(1,477)
Parts	-	120,841	-	114,738	-	(6,103)
Other	-	110,382	-	112,512	-	2,130
Total	-	1,700,533	-	1,546,339	-	(154,194)

< Wholesales Volume by Market >

		FY2016 First Half Ended September 30, 2015	FY2017 First Half Ended September 30, 2016	Increase / (Decrease)
Vehicles		units	units	units
	Japan	118,185	87,733	(30,452)
	North America	224,579	212,245	(12,334)
	Europe	125,045	131,502	6,457
	Other areas	178,413	190,098	11,685
	Overseas Total	528,037	533,845	5,808
Total		646,222	621,578	(24,644)

Note: The wholesales volume does not include vehicles which are sold by other brands.

Financial Summary (Consolidated)
For the First Half of the Fiscal Year Ending March 31, 2017
(For the Six Months Ended September 30, 2016)

November 2, 2016
Mazda Motor Corporation

(In 100 millions of yen)
(In thousands of units)
(Upper left: return on sales)

		FY 2016 First Half (Apr.'15-Sep.'15)				FY 2017 First Half (Apr.'16-Sep.'16)		FY 2016 Full Year Ended March 31, 2016		FY 2017 Full Year Forecast Ending March 31, 2017		
				1st Qtr.	2nd Qtr.							
	Domestic	1	3,393	29.9%	1,205	1,449	2,654	(21.8)	6,609	7.1%	6,000	(9.2)
	Overseas	2	13,612	14.1	6,557	6,252	12,809	(5.9)	27,457	13.6	25,500	(7.1)
	Net sales	3	17,005	17.0	7,762	7,701	15,463	(9.1)	34,066	12.3	31,500	(7.5)
	Operating income	4	7.4%	1,259	21.1	6.8%	524	4.7%	359	5.7%	883	(29.8)
	Ordinary income	5	7.1%	1,211	13.1	5.8%	449	4.9%	377	5.3%	826	(31.7)
	Income before income taxes	6	6.8%	1,163	8.7	5.1%	394	4.8%	368	4.9%	762	(34.5)
	Net income attributable to owners of the parent	7	5.2%	883	(5.3)	2.7%	212	4.5%	349	3.6%	561	(36.5)
	Operating income by segment (geographic area)											
	Japan	8	871		207	188	395		1,625			
	North America	9	243		112	30	141		298			
	Europe	10	40		22	(1)	22		87			
	Other areas	11	107		68	70	138		216			
	Operating profit changes											
	Volume & mix	12			113	(108)	5				190	
	Exchange rate	13			(339)	(309)	(648)				(1,230)	
	Cost improvement	14			143	165	308				480	
	Marketing expense	15			25	(2)	23				(30)	
	Other	16			49	(113)	(64)				(178)	
	Total	17			(9)	(367)	(376)				768	
	Average rate for the period (Yen)											
	USD	18	122		108	102	105		120		104	
	EUR		135		122	114	118		133		116	
	Transaction rate (Yen)											
	USD	19	122		103	102	103		119		102	
	EUR		135		122	116	119		133		117	
	Capital expenditures	20	369		133	225	358		892		1,050	
	Depreciation and amortization	21	388		195	199	394		790		830	
	R & D cost	22	550		289	299	588		1,166		1,250	
	Total assets	23	25,095		24,231		24,194		25,484			
	Net Assets	24	9,461		9,551		9,788		9,540			
	Financial debt	25	6,610		5,674		5,400		6,171			
	Net financial debt	26	994		467		(172)		484			
	Free cash flow (Operating & Investing)	27	933		67	619	686		1,547			
	Operating income by segment (geographic area)											
	Japan	28	120	32.9	39	54	93	(23.0)	232	3.5	210	(9.6)
	North America	29	233	3.1	113	111	224	(3.7)	438	3.0	449	2.5
	Europe	30	124	8.2	66	68	134	8.3	257	12.0	260	1.3
	China	31	109	15.9	59	74	133	21.9	235	9.5	259	10.2
	Other	32	178	23.6	98	93	191	7.2	372	22.6	372	(0.1)
	Global retail volume	33	764	14.2	375	400	775	1.4	1,534	9.8	1,550	1.0
	Production volume											
	Domestic	34	477	2.3	220	248	468	(1.8)	989	7.6	984	(0.5)
	Overseas	35	291	46.5	136	154	290	(0.3)	582	27.7		
	Global production volume	36	768	15.5	356	402	758	(1.2)	1,571	14.3		

Note: Global retail volume refers to the total retail units of Mazda-brand vehicles sold on a global basis.

Global production volume refers to the total volume of the units produced in the domestic plant and Mexico plant (including other brands) plus the units of Mazda-brand vehicles produced in other overseas plants (mainly in China and Thailand).