

**Consolidated Financial Results**  
**For the First Half of the Fiscal Year Ending March 31, 2018**  
**(For the Six Months Ended September 30, 2017)**



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

November 2, 2017

Company Name : **Mazda Motor Corporation** (Tokyo Stock Exchange / Code No. 7261)  
 URL : <http://www.mazda.com/>  
 Representative Person : Masamichi Kogai, Representative Director and President  
 Contact Person : Masahiro Takeda, General Manager, Accounting Department, Financial Services Division  
 Phone 082-282-1111

Filing of *Shihanki Hokokusho*,  
 quarterly securities report : Scheduled for November 13, 2017  
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 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, 2017 through September 30, 2017)**

**(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	%
<b>FY2018 1st Half</b>	<b>1,656,627</b>	7.1	<b>76,480</b>	(13.4)	<b>96,465</b>	16.8	<b>63,338</b>	12.9
FY2017 1st Half	1,546,339	(9.1)	88,318	(29.8)	82,620	(31.7)	56,094	(36.5)

Note: Comprehensive income  
**FY2018 1st Half** **70,742 millions of yen** ( **129.9 %** )  
**FY2017 1st Half** **30,769 millions of yen** ( **(63.1) %** )

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
<b>FY2018 1st Half</b>	<b>105.95</b>	<b>105.93</b>
FY2017 1st Half	93.83	93.83

**(2) Consolidated Financial Position**

As of	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
<b>September 30, 2017</b>	<b>2,585,005</b>	<b>1,122,799</b>	<b>42.4</b>
March 31, 2017	2,524,552	1,064,038	41.2

Reference: Net Assets excluding non-controlling interests

**As of September 30, 2017** **1,096,701 millions of yen**  
 As of March 31, 2017 1,039,421 millions of yen

**2. Dividends**

	Dividends Per Share				
	1st. Qtr.	2nd. Qtr.	3rd. Qtr.	Year End	Full-Year
	yen	yen	yen	yen	yen
FY2017	-	15.00	-	20.00	35.00
<b>FY2018</b>	-	<b>15.00</b>	-	-	-
<b>FY2018 (Forecast)</b>	-	-	-	<b>20.00</b>	<b>35.00</b>

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

**3. Consolidated Financial Forecast (April 1, 2017 through March 31, 2018)**

(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
FY2018 Full Year	3,350,000	4.2	150,000	19.3	163,000	16.8	100,000	6.6	163.25

Note: Revision of the consolidated financial forecast most recently announced: None

The Company issued 31,928,500 shares of common stock by way of third-party allotment on October 2, 2017.

Net income per share in the consolidated financial forecast has been adjusted to reflect the increase in outstanding shares.

**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 | None |
| 2) Voluntary changes in accounting policies except 1)                                | Yes  |
| 3) Changes in accounting estimates   | None |
| 4) Restatement   | None |

Note: Please refer to "2. Quarterly Consolidated Financial Statements and Major Footnotes - (4) Footnotes to the Quarterly Consolidated Financial Statements" on Page 13 of the attachment.

**(4) Number of outstanding shares (Common stock)**

1) Number of outstanding shares (including treasury stock)		
	<b>As of September 30, 2017</b>	<b>599,875,479 shares</b>
	As of March 31, 2017	599,875,479 shares
2) Number of treasury stock		
	<b>As of September 30, 2017</b>	<b>2,056,883 shares</b>
	As of March 31, 2017	2,059,416 shares
3) Average number of outstanding shares		
	<b>For 6 months ended September 30, 2017</b>	<b>597,817,677 shares</b>
	For 6 months ended September 30, 2016	597,817,180 shares

**This document is out of the scope of the quarterly review.**

**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, 2018**

# 1. Qualitative Information on Consolidated Results for the Quarterly period

## (1) Consolidated Financial Results

Under the medium-term business plan “Structural Reform Stage 2” (from the fiscal year ended March 31, 2017 to the fiscal year ending March 31, 2019), the Mazda Group has worked to provide customers with products that are attractive in terms of both driving pleasure and outstanding environmental as well as safety performance, and to further improve the brand value with the aim of qualitative growth of business in all areas.

In order to deliver safer, more secure vehicles to an even wider range of customers, we announced to make the advanced safety technology “i-ACTIVESENSE” standard equipment on five key models sold in Japan during the fiscal year ending March 31, 2018. As a result of standardizing it in the all-new Mazda CX-5, Mazda6 and Mazda3 in the second quarter accounting period (three-month period), we completed the standardization of all of the five models. In addition, in September this year, we started taking pre-orders for the all-new Mazda CX-8. The all-new CX-8, the flagship of Mazda’s SUV lineup in Japan, is a crossover SUV with three rows of seating and offers customers a new choice in multi-passenger vehicles. We aim at becoming the brand that further enriches the customers’ life and builds special bond with the customers by research and development of safety technology with human-centered approach and provide all customers with products that deliver both “driving pleasure” and “outstanding environmental and safety performance”.

Global retail volume for the first half of the fiscal year ending March 31, 2018 was 783 thousand units, up 1.0% year on year, owing to the increased sales of crossover models; the all-new CX-5 whose sales were strong in global markets and the Mazda CX-4 in China drove sales.

Retail volume by market was as follows.

<Japan>

Retail volume was 96 thousand units, up 4.0% year on year, due to the volume contribution of the all-new CX-5 whose sales continue to be strong since the introduction. In addition, we got a lot of orders of the all-new CX-8, for which we have started taking pre-orders since this September.

<North America>

In the U.S., retail volume was 151 thousand units, down 5.3% year on year mainly due to fleet sales reduction. Although sales of crossover models such as the all-new CX-5 were strong, sales of sedan-based models declined due to continuously tough sales environment. For North America as a whole, although sales increased in Mexico, retail volume was 219 thousand units, down 2.5% year on year.

<Europe>

Despite increased sales in the key market of Germany and Russia where the demand is recovering, retail volume was 132 thousand units, down 1.6% year on year due to a reduction in sales in the United Kingdom and some other countries. By automobile type, sales of the all-new CX-5, which we have gradually launched in each country since this May, shifted into high gear.

<China>

Retail volume was 149 thousand units, up 11.9% year on year mainly due to the continued strong sales of Mazda3 and CX-4 as well as the year-on-year increase in sales of Mazda6. In addition, the all-new CX-5, which was launched in this September, got off to a solid start.

### <Other markets>

Retail volume in total was 187 thousand units, down 1.9% year on year. In the key market of Australia, although retail volume was 59 thousand units, down 1.4% year on year, robust sales were recorded for the all-new CX-5, which was introduced in this April. In the ASEAN market, the sales in Thailand were strong, while the sales declined in Vietnam and others. In other markets, record sales were achieved in countries such as New Zealand and Chile.

Financial performance on a consolidated basis for the first half of the fiscal year ending March 31, 2018 was as follows. Net sales amounted to ¥1,656.6 billion, an increase of ¥110.3 billion or 7.1% compared to the corresponding period in the previous fiscal year, reflecting the impact of yen's depreciation and others. Operating income amounted to ¥76.5 billion, a decrease of ¥11.8 billion or 13.4% compared to the corresponding period in the previous fiscal year, resulting from a decline in wholesales and increase in R&D costs for future growth. Ordinary income amounted to ¥96.5 billion, an increase of ¥13.8 billion or 16.8% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥63.3 billion, an increase of ¥7.2 billion or 12.9% 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, 2018 was as follows. In Japan, net sales amounted to ¥1,363.7 billion, an increase of ¥88.0 billion or 6.9% compared to the corresponding period in the previous fiscal year, and operating income by segment (hereinafter referred to as "operating income") amounted to ¥50.6 billion, an increase of ¥11.1 billion or 28.1% compared to the corresponding period in the previous fiscal year. In North America, net sales amounted to ¥686.1 billion, an increase of ¥60.5 billion or 9.7% compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥12.7 billion, a decrease of ¥1.4 billion or 9.8% compared to the corresponding period in the previous fiscal year. In Europe, net sales amounted to ¥340.7 billion, an increase of ¥33.5 billion or 10.9% compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥3.6 billion, an increase of ¥1.5 billion or 68.1% compared to the corresponding period in the previous fiscal year. In other areas, net sales amounted to ¥314.1 billion, increase of ¥31.8 billion or 11.3% compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥11.2 billion, a decrease of ¥2.6 billion or 18.7% compared to the corresponding period in the previous fiscal year.

## **(2) Consolidated Financial Position**

### (Assets, Liabilities and Net Assets)

As of September 30, 2017, total assets increased ¥60.5 billion from the end of the previous fiscal year, to ¥2,585.0 billion. Total liabilities increased ¥1.7 billion from the end of the previous fiscal year to ¥1,462.2 billion. Interest-bearing debt as of September 30, 2017 increased ¥6.5 billion from the end of previous fiscal year to ¥497.9 billion.

Net Assets as of September 30, 2017 increased ¥58.8 billion from the end of the previous fiscal year to ¥1,122.8 billion. Equity ratio increased 1.2 percentage points from the end of the previous fiscal year to 42.4% (Percentage after consideration of the equity credit attributes of the subordinated loan was 43.8%).

### (Cash Flows)

Cash and cash equivalent as of September 30, 2017 increased ¥29.8 billion from the end of the previous fiscal year to ¥556.7 billion.

Net cash provided by operating activities for the first half of the fiscal year ending March 31, 2018 was ¥89.2 billion, reflecting income before income taxes of ¥87.4 billion, etc. (For the first half of the previous fiscal year, net cash provided by operating activities was ¥80.8 billion.) Net cash used in investing activities was ¥55.5 billion, mainly reflecting capital expenditure for the acquisition of property, plant and equipment of ¥50.2 billion. (For the first half of the previous fiscal year, net cash used in investing activities was ¥12.1 billion.) As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥33.7 billion. (For the first half of the previous fiscal year, consolidated free cash flow was positive ¥68.6 billion.) Net cash used in financing activities was ¥12.4 billion, mainly reflecting dividends payable. (For the first half of the previous fiscal year, net cash used in financing activities was ¥68.6 billion.)

### (3) Future Estimates such as Consolidated Financial Forecast

The forecast for the full year earnings of Fiscal Year ending March 2018 remains unchanged from the previous forecast released on April 28, 2017. However, in light of recent trends in our business performance, we revised the exchange rate assumptions and reflected such factors as the impact on sales volume as a result of worsening sale environment mainly in the U.S. and the expected increase in marketing expense into the consolidated financial forecast.

The revised exchange rate assumptions and global retail volume forecast are as follows.

#### Exchange rate

For full year forecast	¥110 to the dollar	¥127 to the Euro
(For the second half of the fiscal year	¥108 to the dollar	¥128 to the Euro)

#### Global Retail Volume Forecast

	Full Year	vs. Prior Year
Japan	213 thousand units	5.2 %
North America	443 thousand units	3.3 %
Europe	267 thousand units	2.2 %
China	292 thousand units	0.3 %
Other	384 thousand units	2.5 %
Total	1,600 thousand units	2.6 %

Note: The forecast stated above is based on management's judgment and views in 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. Quarterly Consolidated Financial Statements and Major Footnotes

### (1) Quarterly Consolidated Balance Sheets

(September 30 and March 31, 2017)

(Millions of Yen)

As of	FY2017 March 31, 2017	FY2018 September 30, 2017
ASSETS		
Current Assets:		
Cash and deposits	398,101	<b>389,729</b>
Trade notes and accounts receivable	215,788	<b>214,394</b>
Securities	128,900	<b>167,300</b>
Inventories	376,951	<b>398,065</b>
Other	223,449	<b>203,495</b>
Allowance for doubtful receivables	(818)	<b>(824)</b>
Total current assets	1,342,371	<b>1,372,159</b>
Non-current Assets:		
Property, plant and equipment:		
Buildings and structures (net)	184,607	<b>188,940</b>
Machinery, equipment and vehicles (net)	259,008	<b>262,324</b>
Land	409,894	<b>408,372</b>
Leased assets (net)	5,254	<b>4,583</b>
Other (net)	100,562	<b>104,479</b>
Total property, plant and equipment	959,325	<b>968,698</b>
Intangible assets:	33,242	<b>34,520</b>
Investments and other assets:		
Investment securities	147,438	<b>139,563</b>
Asset for retirement benefits	3,629	<b>4,311</b>
Other	41,412	<b>66,421</b>
Allowance for doubtful receivables	(2,865)	<b>(667)</b>
Total investments and other assets	189,614	<b>209,628</b>
Total non-current assets	1,182,181	<b>1,212,846</b>
Total Assets	2,524,552	<b>2,585,005</b>

(Millions of Yen)

As of	FY2017 March 31, 2017	FY2018 September 30, 2017
<b>LIABILITIES</b>		
Current Liabilities:		
Trade notes and accounts payable	388,880	384,714
Short-term loans payable	124,454	124,896
Long-term loans payable due within one year	89,997	83,754
Lease obligations	2,125	2,030
Income taxes payable	13,450	16,695
Accrued expenses	189,249	203,665
Reserve for warranty expenses	123,455	104,422
Other	64,419	64,478
Total current liabilities	996,029	984,654
Non-current liabilities:		
Bonds	20,000	20,000
Long-term loans payable	251,248	264,260
Lease obligations	3,610	2,983
Deferred tax liability related to land revaluation	64,715	64,682
Reserve for loss on business of subsidiaries and affiliates	529	590
Reserve for environmental measures	677	585
Liability for retirement benefits	72,888	70,653
Other	50,818	53,799
Total non-current liabilities	464,485	477,552
Total Liabilities	1,460,514	1,462,206
<b>NET ASSETS</b>		
Capital and Retained Earnings:		
Common stock	258,957	258,957
Capital surplus	239,909	239,910
Retained earnings	445,353	496,810
Treasury stock	(2,231)	(2,229)
Total capital and retained earnings	941,988	993,448
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	3,913	5,047
Deferred gains/(losses) on hedges	1,188	(1,108)
Land revaluation	145,944	145,869
Foreign currency translation adjustment	(33,812)	(28,067)
Accumulated adjustments for retirement benefits	(19,800)	(18,488)
Total accumulated other comprehensive income/(loss)	97,433	103,253
Stock Acquisition Rights	91	183
Non-controlling Interests	24,526	25,915
Total Net Assets	1,064,038	1,122,799
Total Liabilities and Net Assets	2,524,552	2,585,005



**(2) Quarterly Consolidated Statements of Operations and Comprehensive Income**  
**(For the first half ended September 30, 2017 and 2016)**

**Quarterly Consolidated Statements of Operations**

(Millions of Yen)

For the first half ended	FY2017 September 30, 2016	FY2018 September 30, 2017
Net sales	1,546,339	1,656,627
Cost of sales	1,166,749	1,263,259
Gross profit	379,590	393,368
Selling, general and administrative expenses	291,272	316,888
Operating income	88,318	76,480
Non-operating income		
Interest income	1,492	1,759
Equity in net income of affiliated companies	14,847	17,363
Foreign exchange gain	-	5,154
Other	2,619	2,777
Total	18,958	27,053
Non-operating expenses		
Interest expense	5,086	3,792
Foreign exchange loss	13,280	-
Other	6,290	3,276
Total	24,656	7,068
Ordinary income	82,620	96,465
Extraordinary income		
Gain on sales of property, plant and equipment	191	822
Gain on sale of investment securities	20	65
Other	10	12
Total	221	899
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,434	1,104
Impairment loss	447	1,102
Reserve for loss on business of subsidiaries and affiliates	117	61
Litigation settlement	-	7,557
Business structure improvement expenses	4,647	-
Other	-	120
Total	6,645	9,944
Income before income taxes	76,196	87,420
Income taxes		
Current	9,422	19,745
Deferred	9,155	3,054
Total	18,577	22,799
Net income	57,619	64,621
Net income attributable to Non-controlling interests	1,525	1,283
Net income attributable to owners of the parent	56,094	63,338

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first half ended	FY2017	FY2018
	September 30, 2016	September 30, 2017
Net income	57,619	<b>64,621</b>
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(807)	<b>1,126</b>
Deferred gains/(losses) on hedges	1,587	<b>(2,308)</b>
Foreign currency translation adjustment	(14,301)	<b>5,925</b>
Adjustments for retirement benefits	1,068	<b>1,294</b>
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(14,397)	<b>84</b>
Total	(26,850)	<b>6,121</b>
Comprehensive income/(loss)	30,769	<b>70,742</b>
Comprehensive income/(loss) attributable to:		
Owners of the parent	31,865	<b>69,233</b>
Non-controlling interests	(1,096)	<b>1,509</b>

(For the three months ended September 30, 2017 and 2016)

**Quarterly Consolidated Statements of Operations**

(Millions of Yen)

For the three months ended	FY2017	FY2018
	September 30, 2016	September 30, 2017
Net sales	770,135	<b>854,572</b>
Cost of sales	580,720	<b>655,873</b>
Gross profit	189,415	<b>198,699</b>
Selling, general and administrative expenses	153,536	<b>162,151</b>
Operating income	35,879	<b>36,548</b>
Non-operating income		
Interest income	736	<b>852</b>
Equity in net income of affiliated companies	6,583	<b>8,463</b>
Foreign exchange gain	266	<b>734</b>
Other	894	<b>1,532</b>
Total	8,479	<b>11,581</b>
Non-operating expenses		
Interest expense	2,246	<b>1,864</b>
Other	4,420	<b>2,229</b>
Total	6,666	<b>4,093</b>
Ordinary income	37,692	<b>44,036</b>
Extraordinary income		
Gain on sales of property, plant and equipment	26	<b>327</b>
Other	91	<b>27</b>
Total	117	<b>354</b>
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	969	<b>722</b>
Impairment loss	62	<b>228</b>
Reserve for loss on business of subsidiaries and affiliates	4	<b>28</b>
Litigation settlement	-	<b>6,401</b>
Other	-	<b>120</b>
Total	1,035	<b>7,499</b>
Income before income taxes	36,774	<b>36,891</b>
Income taxes		
Current	2,186	<b>8,530</b>
Deferred	(1,293)	<b>1,340</b>
Total	893	<b>9,870</b>
Net income	35,881	<b>27,021</b>
Net income attributable to Non-controlling interests	1,017	<b>287</b>
Net income attributable to owners of the parent	34,864	<b>26,734</b>

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the three months ended	FY2017	FY2018
	September 30, 2016	September 30, 2017
Net income	35,881	<b>27,021</b>
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	430	<b>661</b>
Deferred gains/(losses) on hedges	(924)	<b>964</b>
Foreign currency translation adjustment	(2,091)	<b>4,569</b>
Adjustments for retirement benefits	667	<b>736</b>
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(10,006)	<b>991</b>
Total	(11,924)	<b>7,921</b>
Comprehensive income/(loss)	23,957	<b>34,942</b>
Comprehensive income/(loss) attributable to:		
Owners of the parent	23,745	<b>34,464</b>
Non-controlling interests	212	<b>478</b>

**(3) Quarterly Consolidated Statements of Cash Flows**  
**(For the first half ended September 30, 2017 and 2016)**

(Millions of Yen)

For the first half ended	FY2017 September 30, 2016	FY2018 September 30, 2017
Cash flows from operating activities:		
Income before income taxes	76,196	<b>87,420</b>
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	39,446	<b>43,090</b>
Impairment loss	447	<b>1,102</b>
Increase/(decrease) in allowance for doubtful receivables	136	<b>64</b>
Increase/(decrease) in reserve for warranty expenses	(1,398)	<b>(19,033)</b>
Increase/(decrease) in reserve for loss on business of subsidiaries and affiliates	117	<b>61</b>
Increase/(decrease) in liability for retirement benefits	(3,582)	<b>(1,685)</b>
Interest and dividend income	(1,694)	<b>(2,025)</b>
Interest expense	5,086	<b>3,792</b>
Equity in net loss/(income) of affiliated companies	(14,847)	<b>(17,363)</b>
Loss/(gain) on sales and retirement of property, plant and equipment	1,233	<b>282</b>
Decrease/(increase) in trade notes and accounts receivable	(5,738)	<b>6,883</b>
Decrease/(increase) in inventories	(1,703)	<b>(11,856)</b>
Increase/(decrease) in trade notes and accounts payable	(13,459)	<b>(6,717)</b>
Increase/(decrease) in other current liabilities	7,460	<b>16,604</b>
Other	14,790	<b>(18,994)</b>
Subtotal	102,490	<b>81,625</b>
Interest and dividends received	16,001	<b>27,577</b>
Interest paid	(5,602)	<b>(4,619)</b>
Income taxes refunded/(paid)	(32,129)	<b>(15,365)</b>
Net cash provided by/(used in) operating activities	80,760	<b>89,218</b>
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	26,928	<b>(220)</b>
Net decrease/(increase) in securities	3,000	-
Purchase of investment securities	(216)	<b>(556)</b>
Proceeds from sales and redemption of investment securities	291	<b>643</b>
Acquisition of property, plant and equipment	(40,944)	<b>(50,162)</b>
Proceeds from sales of property, plant and equipment	2,752	<b>2,097</b>
Acquisition of intangible assets	(3,945)	<b>(5,349)</b>
Net decrease/(increase) in short-term loans receivable	23	-
Payments of long-term loans receivable	(252)	<b>(123)</b>
Collections of long-term loans receivable	496	<b>91</b>
Other	(261)	<b>(1,934)</b>
Net cash provided by/(used in) investing activities	(12,128)	<b>(55,513)</b>

(Millions of Yen)

For the first half ended	FY2017 September 30, 2016	FY2018 September 30, 2017
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	8,118	<b>(5,728)</b>
Proceeds from long-term loans payable	80,100	<b>71,595</b>
Repayments of long-term loans payable	(146,459)	<b>(65,098)</b>
Redemption of bonds	(350)	-
Proceeds from sale and leaseback transactions	70	<b>98</b>
Repayments of lease obligations	(1,008)	<b>(1,139)</b>
Cash dividends paid	(8,967)	<b>(11,956)</b>
Cash dividends paid to non-controlling interests	(122)	<b>(125)</b>
Net decrease/(increase) in treasury stock	(2)	<b>3</b>
Net cash provided by/(used in) financing activities	<b>(68,620)</b>	<b>(12,350)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(16,258)	<b>8,446</b>
Net increase/(decrease) in cash and cash equivalents	(16,246)	<b>29,801</b>
Cash and cash equivalents at beginning of the period	568,714	<b>526,864</b>
Increase in cash and cash equivalents from newly consolidated subsidiaries	4,790	-
Cash and cash equivalents at end of the period	557,258	<b>556,665</b>

#### **(4) Footnotes to the Quarterly Consolidated Financial Statements**

##### **(Note on the Assumptions as Going Concern)**

Not applicable

##### **(Significant Changes in the Amount of Equity)**

Not applicable

##### **(Changes in Accounting Policies)**

The “Balance Sheet Classification of Deferred Taxes” (Accounting Standards Update No. 2015-17 issued by Financial Accounting Standards Board on November 20, 2015) has been early applied from the first quarter of the fiscal year ending March 31, 2018 at overseas affiliated companies that apply US GAAP. Consequently, deferred tax assets and liabilities that were presented separately in the current and non-current categories of the consolidated balance sheets have been changed to be classified in the non-current category. The accounting standard has been applied prospectively from the first quarter of the fiscal year ending March 31, 2018.

As a result, as of the end of the first half of the fiscal year ending March 31, 2018, “Other” in Current Assets decreased by ¥21,351 million and “Other” in Investments and other assets of Non-current Assets increased by the same amount.

There is no impact on the consolidated statements of operations for the first half ended September 30, 2017.

## (Segment Information)

### I. 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.

### II. FY2018 First Half (April 1, 2017 through September 30, 2017)

#### 1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2018 First Half Ended September 30, 2017	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	475,797	563,062	332,792	284,976	1,656,627	-	1,656,627
Inter-segment	887,881	123,061	7,924	29,112	1,047,978	(1,047,978)	-
Total	1,363,678	686,123	340,716	314,088	2,704,605	(1,047,978)	1,656,627
Segment income	50,552	12,724	3,630	11,219	78,125	(1,645)	76,480

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 FY2018 first half ended September 30, 2017.

#### 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.



**(Significant Subsequent Events)**

The Company resolved the issuance of new shares by way of third-party allotment to Toyota Motor Corporation at the meeting of the Board of Directors held on August 4, 2017, and the payment was completed on October 2, 2017.

The overview of the third-party allotment (issue of new shares)

Class of shares	Common stock
Method of offering or allotment	By way of third-party allotment
Allottee	Toyota Motor Corporation
Number of new shares	31,928,500 shares
Total issue amount	50,000,031,000 yen
Issue price	1,566 yen per share
The amount of stated capital to be increased	25,000,015,500 yen
Payment date	October 2, 2017
Use of proceeds to be raised	To be appropriated to a part of the capital investment for a joint venture finished cars production in the U.S.

**Financial Summary (Consolidated)**  
**For the First Half of the Fiscal Year Ending March 31, 2018**  
**(For the Six Months Ended September 30, 2017)**

November 2, 2017  
Mazda Motor Corporation

(In 100 millions of yen) (In thousands of units) (Upper left: return on sales)		FY 2017 First Half (Apr.'16-Sep.'16)		FY 2018 First Half (Apr.'17-Sep.'17)				FY 2017 Full Year Ended March 31, 2017		FY 2018 Full Year Forecast Ending March 31, 2018	
				1st Qtr.	2nd Qtr.						
	Domestic	1	2,654 (21.8)	1,302	1,533	2,835	6.8	5,870 (11.2)	6,220	6.0	
	Overseas	2	12,809 (5.9)	6,719	7,012	13,731	7.2	26,274 (4.3)	27,280	3.8	
	Net sales	3	15,463 (9.1)	8,021	8,545	16,566	7.1	32,144 (5.6)	33,500	4.2	
	Operating income	4	5.7% 883 (29.8)	5.0% 399	4.3% 366	4.6% 765 (13.4)		3.9% 1,257 (44.6)	4.5% 1,500	19.3	
	Ordinary income	5	5.3% 826 (31.7)	6.5% 524	5.2% 441	5.8% 965 16.8		4.3% 1,395 (37.6)	4.9% 1,630	16.8	
	Income before income taxes	6	4.9% 762 (34.5)	6.3% 505	4.3% 369	5.3% 874 14.7		4.0% 1,284 (23.1)	4.5% 1,500	16.8	
	Net income attributable to owners of the parent	7	3.6% 561 (36.5)	4.6% 366	3.1% 267	3.8% 633 12.9		2.9% 938 (30.2)	3.0% 1,000	6.6	
	Operating income by segment (geographic area)										
	Japan	8	395	204	302	506		659			
	North America	9	141	71	56	127		267			
	Europe	10	22	14	22	36		54			
	Other areas	11	138	50	62	112		202			
	Operating profit changes										
	Volume & mix	12		(130)	(70)	(200)			(200)		
	Exchange rate	13		3	156	159			358		
	Cost improvement	14		8	(2)	6			100		
	R&D costs	15		(62)	(7)	(69)			(131)		
	Other	16		56	(70)	(14)			116		
	Total	17		(125)	7	(118)			243		
	Average rate for the period (Yen)	18									
	USD		105	111	111	111		108	110		
	EUR		118	122	130	126		119	127		
	Transaction rate (Yen)	19									
	USD		103	111	111	111		107	109		
	EUR		119	123	127	125		118	126		
	Capital expenditures	20	358	251	215	466		944	1,200		
	Depreciation and amortization	21	394	216	215	431		824	870		
	R & D costs	22	588	351	306	657		1,269	1,400		
	Total assets	23	24,194	25,393		25,850		25,246			
	Net assets	24	9,788	10,622		10,967		10,394			
	Financial debt	25	5,400	4,951		4,979		4,914			
	Net financial debt	26	(172)	(207)		(587)		(354)			
	Free cash flow (Operating & Investing)	27	686	(5)	342	337		973			
	Operating income by segment (geographic area)										
	Japan	28	93 (23.0)	41	55	96 4.0		203 (12.8)	213	5.2	
	North America	29	224 (3.7)	106	112	219 (2.5)		429 (2.1)	443	3.3	
	Europe	30	134 8.3	64	68	132 (1.6)		262 2.0	267	2.2	
	China	31	133 21.9	71	78	149 11.9		292 24.1	292	0.3	
	Other	32	191 7.2	94	92	187 (1.9)		373 0.6	384	2.5	
	Global retail volume	33	775 1.4	377	406	783 1.0		1,559 1.6	1,600	2.6	
	Consolidated wholesales volume	34	622 (3.8)	297	315	611 (1.6)		1,265 (3.2)	1,275	0.8	
	Production volume										
	Domestic	35	468 (1.8)	227	241	468 (0.1)		965 (2.5)	993	3.0	
	Overseas	36	290 (0.3)	150	150	300 3.4		627 7.8			
	Global production volume	37	758 (1.2)	377	391	768 1.3		1,592 1.3			

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

Consolidated wholesales volume does not include vehicles which are sold by other brands.

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).