

Consolidated Financial Results
For the Second Quarter of the Fiscal Year Ending March 31, 2019
(For the First Six Months Ended September 30, 2018)



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

October 31, 2018

Company Name : **Mazda Motor Corporation** (Tokyo Stock Exchange / Code No. 7261)
 URL : <http://www.mazda.com/>
 Representative Person : Akira Marumoto, 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, 2018
 Payment of Dividends : Scheduled for November 30, 2018
 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, 2018 through September 30, 2018)

(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	%
FY2019 2nd quarter	1,729,088	4.4	30,872	(59.6)	54,521	(43.5)	24,377	(61.5)
FY2018 2nd quarter	1,656,627	7.1	76,480	(13.4)	96,465	16.8	63,338	12.9

Note: Comprehensive income
FY2019 2nd quarter **27,458** millions of yen (**(61.2)** %)
 FY2018 2nd quarter 70,742 millions of yen (129.9 %)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2019 2nd quarter	38.71	38.70
FY2018 2nd quarter	105.95	105.93

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
September 30, 2018	2,744,805	1,233,791	43.9
March 31, 2018	2,724,092	1,219,470	43.8

Reference: Net Assets excluding non-controlling interests

As of September 30, 2018 **1,204,592** millions of yen
 As of March 31, 2018 1,192,925 millions of yen

Note: The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter under review. The figures for the year ended March 31, 2018 were adjusted retrospectively in accordance with this change.

2. Dividends

	Dividends Per Share				
	1st. Qtr.	2nd. Qtr.	3rd. Qtr.	Year End	Full-Year
	yen	yen	yen	yen	yen
FY2018	-	15.00	-	20.00	35.00
FY2019	-	15.00			
FY2019 (Forecast)			-	20.00	35.00

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

3. Consolidated Financial Forecast (April 1, 2018 through March 31, 2019)

(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
FY2019 Full Year	3,530,000	1.6	70,000	(52.2)	100,000	(41.9)	50,000	(55.4)	79.40

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 "2. Quarterly Consolidated Financial Statements and Major Footnotes - (4) Footnotes to the Quarterly Consolidated Financial Statements" on Page 14 of the attachment.

(4) Number of outstanding shares (Common stock)

1) Number of outstanding shares (including treasury stock)

As of September 30, 2018	631,803,979 shares
As of March 31, 2018	631,803,979 shares

2) Number of treasury stock

As of September 30, 2018	2,043,258 shares
As of March 31, 2018	2,057,633 shares

3) Average number of outstanding shares

For 6 months ended September 30, 2018	629,755,903 shares
For 6 months ended September 30, 2017	597,817,677 shares

This document is out of the scope of the quarterly review by certified public accountants or accounting auditor.

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 5 of the attachment.

ATTACHMENT

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(Reference)

Financial Summary (Consolidated)

For the Second Quarter of the Fiscal Year Ending March 31, 2019

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. This fiscal year is the final year under the plan.

In the second quarter accounting period (three-month period), we launched the updated Mazda2. At this updates, we introduced new technology to SKYACTIV-G equipped model, and we increased engine displacement from 1.3-liter to 1.5-liter targeting to realize a “satisfying and smooth driving” on a daily basis of various driving scene such as in cities and on freeways and so on. Also an increase in engine displacement leads to the effective use of high efficient range of engine, so that it contributes improvement of fuel economy under real-world conditions.

[Global sales]

Global retail volume for the first six months of the fiscal year ending March 31, 2019 was 796 thousand units, up 1.7 % year on year, a record high for the first six months of any year, owing to the solid sales of crossover models such as Mazda CX-5 and Mazda CX-8 in global markets, as well as with the effect of launch of updated products. By market, the sales in Japan and the ASEAN market such as Thailand and Vietnam, significantly contributed to growth in global retail volume.

Retail volume by market was as follows.

<Japan>

Retail volume was 103 thousand units, up 6.7 % year on year, due to the contribution of the CX-8 which remained strong since the introduction, as well as the high level of sales volume of the CX-5 which was equivalent to the previous year.

<North America>

Despite a difficult condition in the sedan market, any impact in that segment was offset by brisk sales of the all crossover models in the U.S., where retail volume was 151 thousand units and equivalent to the previous year. For North America as a whole, retail volume was 222 thousand units, up 1.6 % year on year, with increased sales volume in Canada and Mexico.

<Europe>

Although the sales declined in Germany, European retail volume was 135 thousand units, up 2.4 % year on year due to the increased sales in Russia significantly outpacing the market’s growth, and also year-on-year growth, in the other markets like Spain. By model, robust sales were recorded for the CX-5.

<China>

Retail volume was 133 thousand units, down 10.6 % year on year due to the reduction in sales of major models including Mazda3, being impacted by the market environment weakening from the demand slowdown.

<Other markets>

Retail volume in total was 202 thousand units, up 8.5 % year on year. In the key market of Australia, although retail volume was 56 thousand units, down 5.2 % year on year, the CX-5 continued to sell well, and the newly launched CX-8 got off to a solid start. In the ASEAN market, the sales in Thailand and Vietnam were strong, and also in

other markets such as Chile with record sales.

[Consolidated financial result]

Financial performance on a consolidated basis for the first six months of the fiscal year ending March 31, 2019 was as follows. Net sales amounted to ¥1,729.1 billion, an increase of ¥72.5 billion or 4.4 % compared to the corresponding period in the previous fiscal year mainly due to the increased sales and vehicle mix improvement. Operating income amounted to ¥30.9 billion, a decrease of ¥45.6 billion or 59.6 % compared to the corresponding period in the previous fiscal year, resulting from the increase in marketing expense due to the intensifying competition, and exchange rate impact, and quality-related costs, etc. which offset increased sales and cost improvement. Ordinary income amounted to ¥54.5 billion, a decrease of ¥41.9 billion or 43.5 % compared to the corresponding period in the previous fiscal year, with the posting of a ¥19.2 billion gain from equity in net income of affiliated companies. Net income attributable to owners of the parent amounted to ¥24.4 billion, a decrease of ¥39.0 billion or 61.5 % compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥23.8 billion.

Financial results by reportable segment for the first six months of the fiscal year ending March 31, 2019 was as follows.

In Japan, net sales amounted to ¥1,343.6 billion, a decrease of ¥20.1 billion or 1.5 % compared to the corresponding period in the previous fiscal year, and operating loss by segment amounted to ¥20.0 billion, a decrease of ¥70.6 billion compared to the corresponding period in the previous fiscal year. In North America, net sales amounted to ¥694.7 billion, an increase of ¥8.6 billion or 1.3 % compared to the corresponding period in the previous fiscal year, and operating income by segment amounted to ¥22.9 billion, an increase of ¥10.2 billion or 80.2 % compared to the corresponding period in the previous fiscal year. In Europe, net sales amounted to ¥343.1 billion, an increase of ¥2.4 billion or 0.7 % compared to the corresponding period in the previous fiscal year, and operating income by segment amounted to ¥6.1 billion, an increase of ¥2.5 billion or 68.4 % compared to the corresponding period in the previous fiscal year. In other areas, net sales amounted to ¥348.8 billion, an increase of ¥34.7 billion or 11.0 % compared to the corresponding period in the previous fiscal year, and operating income by segment amounted to ¥12.1 billion, an increase of ¥0.9 billion or 8.3 % compared to the corresponding period in the previous fiscal year.

(2) Consolidated Financial Position

(Assets, Liabilities and Net Assets)

As of September 30, 2018, total assets increased ¥20.7 billion from the end of the previous fiscal year, to ¥2,744.8 billion. Total liabilities increased ¥6.4 billion from the end of the previous fiscal year to ¥1,511.0 billion. Interest-bearing debt as of September 30, 2018 increased ¥61.0 billion from the end of previous fiscal year to ¥558.9 billion.

Net Assets as of September 30, 2018 increased ¥14.3 billion from the end of the previous fiscal year to ¥1,233.8 billion, reflecting net income attributable to owners of the parent ¥24.4 billion and the cash dividends of ¥12.6 billion. Equity ratio increased 0.1 percentage points from the end of the previous fiscal year to 43.9 % (Percentage after consideration of the equity credit attributes of the subordinated loan was 45.2 %).

The Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter under review. The year-on-year comparisons in “Assets, Liabilities and Net Assets” are made with the figures adjusted retrospectively in accordance with this change.

(Cash Flows)

Cash and cash equivalent as of September 30, 2018 increased ¥69.4 billion from the end of the previous fiscal year to ¥674.3 billion. Interest-bearing debt as of September 30, 2018 increased ¥61.0 billion from the end of previous fiscal year to ¥558.9 billion. As a result, we are in a net cash position of ¥115.4 billion.

Cash Flows for the first six months of the fiscal year ending March 31, 2019 by activities were as follows.

Cash Flows from operating activities

Net cash provided by operating activities was ¥60.7 billion, reflecting income before income taxes of ¥50.0 billion and a decrease in inventories, although there were payments of income taxes. (For the first six months of the previous fiscal year, net cash provided by operating activities was ¥89.2 billion.)

Cash Flows from investing activities

Net cash used in investing activities was ¥39.5 billion, mainly reflecting capital expenditure for the acquisition of property, plant and equipment of ¥44.9 billion. (For the first six months of the previous fiscal year, net cash used in investing activities was ¥55.5 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥21.2 billion. (For the previous fiscal year, consolidated free cash flow was positive ¥33.7 billion.)

Cash flows from financing activities

Net cash provided by financing activities was ¥41.8 billion, mainly reflecting funding from long-term loans for capital investment, etc. and dividends payable. (For the first six months of the previous fiscal year, net cash used in financing activities was ¥12.4 billion.)

(3) Future Estimates such as Consolidated Financial Forecast

Due to the impact of heavy rains in July 2018, our production volume of vehicles and knockdown parts for overseas production dropped by 44 thousands units and 23 thousands units, respectively, compared with the initial plan. But we made the good use of our inventory among the Mazda Group, and we kept its wholesales impact at a decrease of 22 thousands units on a consolidated basis for the first six months of the fiscal year ending March 31, 2019.

With regard to the impact to full year consolidated wholesales, it is expected to be equivalent level as abovementioned impact, throughout our effort of making the good use of our inventory and an increase of production volume and others. We will continue efforts to minimize the impact of heavy rains.

In light of the above situation, we have revised the consolidated financial forecast for the Fiscal Year ending March 2019, as shown below. The prior forecast was announced on August 1, 2018. For more information, please refer to “Notice of Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2019” that has been released today.

Consolidated Financial Forecast

	Full Year	vs. Prior Year
Net Sales	3,530 billion yen	up 1.6 %
Operating Income	70 billion yen	down 52.2 %
Ordinary Income	100 billion yen	down 41.9 %
Net Income Attributable to Owners of the parent	50 billion yen	down 55.4 %

The exchange rate assumptions for full year forecast are ¥ 110 to the dollar and ¥ 130 to the Euro.

Global Retail Volume Forecast

	Full Year	vs. Prior Year
Japan	216 thousand units	up 2.9 %
North America	434 thousand units	down 0.3 %
Europe	270 thousand units	up 0.4 %
China	294 thousand units	down 8.8 %
Other	403 thousand units	up 2.2 %
Total	1,617 thousand units	down 0.9 %

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, 2018)

(Millions of Yen)

As of	FY2018 March 31, 2018	FY2019 September 30, 2018
ASSETS		
Current Assets:		
Cash and deposits	395,863	464,947
Trade notes and accounts receivable	221,532	219,341
Securities	219,300	210,300
Inventories	399,787	379,225
Other	125,956	116,337
Allowance for doubtful receivables	(1,028)	(1,022)
Total current assets	1,361,410	1,389,128
Non-current Assets:		
Property, plant and equipment:		
Buildings and structures (net)	196,806	196,033
Machinery, equipment and vehicles (net)	268,861	278,908
Land	406,117	405,457
Leased assets (net)	5,752	5,044
Other (net)	93,886	95,369
Total property, plant and equipment	971,422	980,811
Intangible assets:	35,862	35,669
Investments and other assets:		
Investment securities	210,605	196,769
Asset for retirement benefits	3,798	4,012
Other	141,665	139,083
Allowance for doubtful receivables	(670)	(667)
Total investments and other assets	355,398	339,197
Total non-current assets	1,362,682	1,355,677
Total Assets	2,724,092	2,744,805

(Millions of Yen)

As of	FY2018 March 31, 2018	FY2019 September 30, 2018
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	417,589	358,569
Short-term loans payable	101,844	96,342
Bonds due within one year	-	20,000
Long-term loans payable due within one year	74,121	31,190
Lease obligations	2,420	2,265
Income taxes payable	15,567	15,023
Accrued expenses	203,396	209,517
Reserve for warranty expenses	104,435	107,509
Other	76,892	71,443
Total current liabilities	996,264	911,858
Non-current liabilities:		
Bonds	50,000	30,000
Long-term loans payable	265,653	375,840
Lease obligations	3,855	3,241
Deferred tax liability related to land revaluation	64,553	64,553
Reserve for loss on business of subsidiaries and affiliates	821	933
Liability for retirement benefits	67,287	64,388
Other	56,189	60,201
Total non-current liabilities	508,358	599,156
Total Liabilities	1,504,622	1,511,014
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	264,910	264,913
Retained earnings	536,856	548,184
Treasury stock	(2,230)	(2,214)
Total capital and retained earnings	1,083,493	1,094,840
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	8,786	9,162
Deferred gains/(losses) on hedges	305	(348)
Land revaluation	145,574	145,574
Foreign currency translation adjustment	(28,576)	(28,942)
Accumulated adjustments for retirement benefits	(16,657)	(15,694)
Total accumulated other comprehensive income/(loss)	109,432	109,752
Stock Acquisition Rights	183	255
Non-controlling Interests	26,362	28,944
Total Net Assets	1,219,470	1,233,791
Total Liabilities and Net Assets	2,724,092	2,744,805

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first six months ended September 30, 2018 and 2017)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	For the first six months ended	
	FY2018 September 30, 2017	FY2019 September 30, 2018
Net sales	1,656,627	1,729,088
Cost of sales	1,263,259	1,353,314
Gross profit	393,368	375,774
Selling, general and administrative expenses	316,888	344,902
Operating income	76,480	30,872
Non-operating income		
Interest income	1,759	2,234
Equity in net income of affiliated companies	17,363	19,240
Foreign exchange gain	5,154	3,599
Other	2,777	4,129
Total	27,053	29,202
Non-operating expenses		
Interest expense	3,792	3,175
Other	3,276	2,378
Total	7,068	5,553
Ordinary income	96,465	54,521
Extraordinary income		
Gain on sales of property, plant and equipment	822	28
Gain on sale of investment securities	65	1,729
Other	12	13
Total	899	1,770
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,104	2,027
Impairment loss	1,102	434
Loss on disaster	-	3,726
Reserve for loss on business of subsidiaries and affiliates	61	112
Litigation settlement	7,557	-
Other	120	-
Total	9,944	6,299
Income before income taxes	87,420	49,992
Income taxes		
Current	19,745	18,855
Deferred	3,054	4,900
Total	22,799	23,755
Net income	64,621	26,237
Net income attributable to Non-controlling interests	1,283	1,860
Net income attributable to owners of the parent	63,338	24,377

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first six months ended	FY2018	FY2019
	September 30, 2017	September 30, 2018
Net income	64,621	26,237
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	1,126	371
Deferred gains/(losses) on hedges	(2,308)	(668)
Foreign currency translation adjustment	5,925	4,401
Adjustments for retirement benefits	1,294	947
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	84	(3,830)
Total	6,121	1,221
Comprehensive income/(loss)	70,742	27,458
Comprehensive income/(loss) attributable to:		
Owners of the parent	69,233	24,697
Non-controlling interests	1,509	2,761

(For the three months ended September 30, 2018 and 2017)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	FY2018	FY2019
	September 30, 2017	September 30, 2018
For the three months ended		
Net sales	854,572	855,997
Cost of sales	655,873	679,536
Gross profit	198,699	176,461
Selling, general and administrative expenses	162,151	178,672
Operating income	36,548	(2,211)
Non-operating income		
Interest income	852	1,127
Equity in net income of affiliated companies	8,463	8,420
Foreign exchange gain	734	5,649
Other	1,532	2,197
Total	11,581	17,393
Non-operating expenses		
Interest expense	1,864	1,707
Other	2,229	1,342
Total	4,093	3,049
Ordinary income	44,036	12,133
Extraordinary income		
Gain on sales of property, plant and equipment	327	17
Compensation for the exercise of eminent domain	-	13
Other	27	1
Total	354	31
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	722	1,378
Impairment loss	228	28
Loss on disaster	-	3,726
Reserve for loss on business of subsidiaries and affiliates	28	44
Litigation settlement	6,401	-
Other	120	-
Total	7,499	5,176
Income before income taxes	36,891	6,988
Income taxes		
Current	8,530	8,835
Deferred	1,340	(6,973)
Total	9,870	1,862
Net income	27,021	5,126
Net income attributable to Non-controlling interests	287	1,383
Net income attributable to owners of the parent	26,734	3,743

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the three months ended	FY2018	FY2019
	September 30, 2017	September 30, 2018
Net income	27,021	5,126
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	661	(1,157)
Deferred gains/(losses) on hedges	964	(616)
Foreign currency translation adjustment	4,569	5,436
Adjustments for retirement benefits	736	554
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	991	(2,011)
Total	7,921	2,206
Comprehensive income/(loss)	34,942	7,332
Comprehensive income/(loss) attributable to:		
Owners of the parent	34,464	5,477
Non-controlling interests	478	1,855

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

For the first six months ended	FY2018 September 30, 2017	FY2019 September 30, 2018
Cash flows from operating activities:		
Income before income taxes	87,420	49,992
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	43,090	43,637
Impairment loss	1,102	434
Increase/(decrease) in allowance for doubtful receivables	64	(48)
Increase/(decrease) in reserve for warranty expenses	(19,033)	3,074
Increase/(decrease) in reserve for loss on business of subsidiaries and affiliates	61	112
Increase/(decrease) in liability for retirement benefits	(1,685)	(1,513)
Interest and dividend income	(2,025)	(3,401)
Interest expense	3,792	3,175
Equity in net loss/(income) of affiliated companies	(17,363)	(19,240)
Loss/(gain) on sales and retirement of property, plant and equipment	282	1,986
Loss (gain) on sales of investment securities	(47)	(1,729)
Decrease/(increase) in trade notes and accounts receivable	6,883	7,032
Decrease/(increase) in inventories	(11,856)	26,680
Decrease/(increase) in other current assets	(8,974)	16,661
Increase/(decrease) in trade notes and accounts payable	(6,717)	(61,890)
Increase/(decrease) in other current liabilities	16,604	2,843
Other	(9,973)	(11,314)
Subtotal	81,625	56,491
Interest and dividends received	27,577	29,485
Interest paid	(4,619)	(3,270)
Income taxes refunded/(paid)	(15,365)	(22,027)
Net cash provided by/(used in) operating activities	89,218	60,679
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	(220)	9,354
Purchase of investment securities	(556)	(8)
Proceeds from sales and redemption of investment securities	643	2,712
Acquisition of property, plant and equipment	(50,162)	(44,944)
Proceeds from sales of property, plant and equipment	2,097	1,854
Acquisition of intangible assets	(5,349)	(4,474)
Net decrease/(increase) in short-term loans receivable	-	4
Payments of long-term loans receivable	(123)	(3,770)
Collections of long-term loans receivable	91	93
Other	(1,934)	(336)
Net cash provided by/(used in) investing activities	(55,513)	(39,515)

(Millions of Yen)

For the first six months ended	FY2018 September 30, 2017	FY2019 September 30, 2018
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	(5,728)	(7,353)
Proceeds from long-term loans payable	71,595	123,740
Repayments of long-term loans payable	(65,098)	(60,652)
Proceeds from sale and leaseback transactions	98	135
Repayments of lease obligations	(1,139)	(1,343)
Cash dividends paid	(11,956)	(12,595)
Cash dividends paid to non-controlling interests	(125)	(153)
Net decrease/(increase) in treasury stock	3	19
Net cash provided by/(used in) financing activities	(12,350)	41,798
Effect of exchange rate fluctuations on cash and cash equivalents	8,446	6,476
Net increase/(decrease) in cash and cash equivalents	29,801	69,438
Cash and cash equivalents at beginning of the period	526,864	604,854
Cash and cash equivalents at end of the period	556,665	674,292

(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 accounting standard of IFRS15 has been applied from the current fiscal year by the overseas subsidiaries and affiliates of the Company that apply IFRS. The effects of this standard on the consolidated financial statements were immaterial.

(Additional Information)

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018 (hereinafter, “Statement No.28”)) became applicable for the consolidated financial statements from the current fiscal year. As a result, the Company and its domestic subsidiaries adopted Statement No.28 and changed the presentation of deferred tax assets and deferred tax liabilities, such that deferred tax assets and deferred tax liabilities are classified as part of ‘Investments and other assets’ and ‘Non-current liabilities’, respectively.

(Segment Information)

I. FY2018 First Six Months (April 1, 2017 through September 30, 2017)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2018 First Six Months 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 six months 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.

II. FY2019 First Six Months (April 1, 2018 through September 30, 2018)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2019 First Six Months Ended September 30, 2018	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	524,149	562,837	332,207	309,895	1,729,088	-	1,729,088
Inter-segment	819,436	131,885	10,938	38,874	1,001,133	(1,001,133)	-
Total	1,343,585	694,722	343,145	348,769	2,730,221	(1,001,133)	1,729,088
Segment income/(loss)	(20,037)	22,928	6,114	12,146	21,151	9,721	30,872

Notes: 1. The adjustment on segment income/(loss) is eliminations of inter-segment transactions.

2. Segment income/(loss) is reconciled with the operating income in the consolidated statement of operations for FY2019 first six months ended September 30, 2018.

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)

Not applicable

Financial Summary (Consolidated)

For the Second Quarter of the Fiscal Year Ending March 31, 2019

(For the Six Months Ended September 30, 2018)

October 31, 2018

Mazda Motor Corporation

(In 100 millions of yen)

(In thousands of units)

(Upper left: return on sales)

			FY 2018		FY 2019		FY 2018		FY 2019								
			First 6 months (Apr.'17-Sep.'17)		1st Qtr.	2nd Qtr.	First 6 months (Apr.'18-Sep.'18)		Full Year Ended March 31, 2018		Full Year Forecast Ending March 31, 2019						
				%				%		%							
	Domestic	1	2,835	6.8	1,592	1,714	3,306	16.6	6,312	7.5	6,980	10.6					
	Overseas	2	13,731	7.2	7,139	6,846	13,985	1.8	28,428	8.2	28,320	(0.4)					
	Net sales	3	16,566	7.1	8,731	8,560	17,291	4.4	34,740	8.1	35,300	1.6					
	Operating income	4	4.6%	765	(13.4)	331	(0.3%)	(22)	1.8%	309	(59.6)	4.2%	1,464	16.5	2.0%	700	(52.2)
	Ordinary income	5	5.8%	965	16.8	424	1.4%	121	3.2%	545	(43.5)	5.0%	1,721	23.4	2.8%	1,000	(41.9)
	Income before income taxes	6	5.3%	874	14.7	430	0.8%	70	2.9%	500	(42.8)	4.5%	1,575	22.6	2.5%	870	(44.8)
	Net income attributable to owners of the parent	7	3.8%	633	12.9	206	0.4%	38	1.4%	244	(61.5)	3.2%	1,121	19.5	1.4%	500	(55.4)
	Operating income by segment (geographic area)																
	Japan	8	506		72	(272)	(200)		816								
	North America	9	127		131	98	229		270								
	Europe	10	36		18	43	61		87								
	Other areas	11	112		58	63	121		254								
	Operating profit changes																
	Volume & mix	12			(60)	(105)	(165)										(206)
	Exchange rate	13			(25)	(62)	(87)										(333)
	Cost improvement	14			66	51	117										190
	R&D costs	15			17	5	22										(20)
	Other	16			(66)	(277)	(343)										(395)
	Total	17			(68)	(388)	(456)										(764)
	Average rate for the period (Yen)	18	USD	111	109	111	110		111		110						
		19	EUR	126	130	130	130		130		130						
	Capital expenditures	20		466	161	217	378		1,041		1,350						
	Depreciation and amortization	21		431	217	219	436		870		900						
	R & D costs	22		657	334	301	635		1,360		1,380						
	Total assets	23		25,837	27,857		27,448		27,241								
	Net assets	24		10,967	11,991		12,046		11,929								
	Financial debt	25		4,979	5,599		5,589		4,979								
	Net cash	26		587	763		1,154		1,070								
	Free cash flow (Operating & Investing)	27		337	(160)	372	212		478								
	Japan	28	96	4.0	49	54	103	6.7	210	3.8	216	2.9					
	North America	29	219	(2.5)	116	106	222	1.6	435	1.5	434	(0.3)					
	Europe	30	132	(1.6)	67	68	135	2.4	269	2.6	270	0.4					
	China	31	149	11.9	68	65	133	(10.6)	322	10.5	294	(8.8)					
	Other	32	187	(1.9)	103	100	202	8.5	394	5.3	403	2.2					
	Global retail volume	33	783	1.0	403	392	796	1.7	1,631	4.6	1,617	(0.9)					
	Japan	34	90	3.0	49	52	101	11.3	199	3.2	211	6.5					
	North America	35	215	1.1	118	101	219	1.8	423	(0.7)	431	1.7					
	Europe	36	132	0.7	61	68	129	(2.7)	266	4.2	262	(1.4)					
	Other	37	174	(8.4)	98	97	195	11.7	386	(1.4)	397	2.7					
	Consolidated wholesales volume	38	611	(1.6)	325	318	642	5.1	1,274	0.7	1,301	2.1					
	Domestic	39	468	(0.1)	258	204	461	(1.4)	987	2.3	995	0.9					
	Overseas	40	300	3.4	156	139	295	(1.5)	633	0.9							
	Global production volume	41	768	1.3	414	343	757	(1.4)	1,620	1.7							

Note: The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter under review.

The figures of "Total assets" for second quarter and full year of the previous fiscal year were adjusted retrospectively in accordance with this change.

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).