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Mitsubishi Electric Announces Consolidated Financial Results for the First Half and Second Quarter of Fiscal 2019

TOKYO, October 29, 2018 – [Mitsubishi Electric Corporation](http://www.mitsubishielectric.com) (TOKYO: 6503) announced today its consolidated financial results for the first half and second quarter, ended September 30, 2018, of the current fiscal year ending March 31, 2019 (fiscal 2019).

1. Consolidated Half-year Results (April 1, 2018 – September 30, 2018)

Net sales:	2,170.1	billion yen	(3% increase from the same period last year)
Operating income:	125.9	billion yen	(18% decrease from the same period last year)
Income before income taxes:	141.2	billion yen	(15% decrease from the same period last year)
Net income attributable to Mitsubishi Electric Corp. stockholders:	102.3	billion yen	(15% decrease from the same period last year)

The global economy in the first half of fiscal 2019, from April through September 2018, saw a slight slowdown in China, a buoyant expansion in the U.S. and gradual trends of recovery in Japan and Europe. In addition, from August, the yen weakened against the U.S. dollar and appreciated against the euro compared to the same period of the previous fiscal year.

Under these circumstances, consolidated net sales in the first half of fiscal 2019 increased by 3% compared to the same period of the previous fiscal year to 2,170.1 billion yen with increased sales in the Energy and Electric Systems, Industrial Automation Systems, Electronic Devices and Home Appliances segments. Consolidated operating income decreased by 18% compared to the same period of the previous fiscal year to 125.9 billion yen, due to decreased profits in the Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances segments.

Income before income taxes decreased by 15% compared to the same period of the previous fiscal year to 141.2 billion yen.

Net income attributable to Mitsubishi Electric Corporation stockholders decreased by 15% compared to the same period of the previous fiscal year to 102.3 billion yen.

Consolidated Financial Results by Business Segment (First Half, Fiscal 2019)

Energy and Electric Systems

Total sales:	568.6 billion yen	(2% increase from the same period last year which recorded 557.1 billion yen)
Operating income:	15.5 billion yen	(4.9 billion yen increase from the same period last year which recorded 10.6 billion yen)

The social infrastructure systems business saw increases in both orders and sales from the same period of the previous fiscal year. This was due primarily to an increase in orders in the transportation systems business in Japan and an increase in sales in the power systems business in Japan.

The building systems business saw orders and sales both substantially unchanged compared to the same period of the previous fiscal year due primarily to buoyancies in the renewal business in Japan and in new installations of elevators and escalators mainly in Korea and India despite decreases in Japan and China.

As a result, total sales for this segment increased by 2% from the same period of the previous fiscal year. Operating income increased by 4.9 billion yen from the same period of the previous fiscal year mainly due to an increase in sales.

Industrial Automation Systems

Total sales:	730.3 billion yen	(4% increase from the same period last year which recorded 703.7 billion yen)
Operating income:	77.9 billion yen	(18.3 billion yen decrease from the same period last year which recorded 96.3 billion yen)

The factory automation systems business saw a decrease in orders, while sales remained substantially unchanged, from the same period of the previous fiscal year due primarily to a temporary slowdown in capital expenditures in the fields of organic light emitting diodes (OLED) and smartphones outside Japan, despite buoyant demand for exports mainly by machinery and semiconductor-related equipment manufacturers in Japan.

The automotive equipment business saw increases in both orders and sales from the same period of the previous fiscal year due primarily to increases in Japan, other markets in Asia and Europe, as well as increased sales in electric-vehicle related equipment in response to market growth worldwide.

As a result, total sales for this segment increased by 4% from the same period of the previous fiscal year. Operating income decreased by 18.3 billion yen from the same period of the previous fiscal year due primarily to a shift in product mix, increases in material prices and upfront investment for growth drivers.

Information and Communication Systems

Total sales:	186.8 billion yen	(2% decrease from the same period last year which recorded 191.2 billion yen)
Operating income:	2.5 billion yen	(0.7 billion yen decrease from the same period last year which recorded 3.2 billion yen)

The telecommunications systems business saw decreases in both orders and sales compared to the same period of the previous fiscal year due primarily to decreased demand in communications infrastructure equipment.

The information systems and service business saw decreases in both orders and sales compared to the same period of the previous fiscal year, mainly due to a shift in projects for the system integrations business.

The electronic systems business saw an increase in orders, while sales remained substantially unchanged, compared to the same period of the previous fiscal year mainly due to an increase in large-scale projects in the defense systems business.

As a result, total sales for this segment decreased by 2% compared to the same period of the previous fiscal year. Operating income decreased by 0.7 billion yen compared to the same period of the previous fiscal year due primarily to a decrease in sales.

Electronic Devices

Total sales:	101.8 billion yen	(2% increase from the same period last year which recorded 99.5 billion yen)
Operating income:	1.2 billion yen	(5.9 billion yen decrease from the same period last year which recorded 7.2 billion yen)

The electronic devices business saw an increase in orders, and sales rose by 2% from the same period of the previous fiscal year due to an increase in demand mainly for power modules used in automotive and railcar applications, despite decreased demand for optical communication devices.

Operating income decreased by 5.9 billion yen compared to the same period of the previous fiscal year due primarily to a shift in product mix.

Home Appliances

Total sales:	557.1 billion yen	(3% increase from the same period last year which recorded 539.2 billion yen)
Operating income:	33.6 billion yen	(5.7 billion yen decrease from the same period last year which recorded 39.4 billion yen)

The home appliances business saw an increase in sales of 3% from the same period of the previous fiscal year due to an increase in sales of air conditioners for Europe, Japan and North America.

Operating income decreased by 5.7 billion yen compared to the same period of the previous fiscal year due primarily to increases in material prices and sales expenses.

Others

Total sales:	327.8 billion yen	(5% increase from the same period last year which recorded 310.7 billion yen)
Operating income:	10.3 billion yen	(0.6 billion yen increase from the same period last year which recorded 9.6 billion yen)

Sales increased by 5% compared to the same period of the previous fiscal year due primarily to an increase in sales at affiliated companies involved in materials procurement.

Operating income increased by 0.6 billion yen compared to the same period of the previous fiscal year due primarily to an increase in sales.

2. Consolidated Second-quarter Results (July 1, 2018 – September 30, 2018)

Net sales:	1,119.1 billion yen	(4% increase from the same period last year)
Operating income:	64.3 billion yen	(17% decrease from the same period last year)
Income before income taxes:	72.5 billion yen	(15% decrease from the same period last year)
Net income attributable to Mitsubishi Electric Corp. stockholders:	54.7 billion yen	(14% decrease from the same period last year)

Consolidated net sales for this quarter, from July through September 2018, was 1,119.1 billion yen, a 4% increase from the same period of the previous fiscal year, due primarily to increased sales in the Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems and Home Appliances segments.

Consolidated operating income was 64.3 billion yen, a decrease of 17% from the same period of the previous fiscal year, with decreased profits in the Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances segments.

Income before income taxes decreased by 15% compared to the same period of the previous fiscal year to 72.5 billion yen.

Net income attributable to Mitsubishi Electric Corporation stockholders decreased by 14% compared to the same period of the previous fiscal year to 54.7 billion yen.

Consolidated Financial Results by Business Segment (Second Quarter, Fiscal 2019)

Energy and Electric Systems

Total sales:	301.2 billion yen	(4% increase from the same period last year which recorded 288.5 billion yen)
Operating income:	9.5 billion yen	(5.6 billion yen increase from the same period last year which recorded 3.9 billion yen)

The social infrastructure systems business saw increases in both orders and sales from the same period of the previous fiscal year. This was due primarily to an increase in orders in the transportation systems business in Japan and an increase in sales in the power systems business in Japan.

The building systems business saw a decrease in orders, while sales remained substantially unchanged, compared to the same period of the previous fiscal year due primarily to a slowdown in demand related to the Tokyo Olympic and Paralympic Games, as well as impact from the stagnant Chinese market, despite buoyancies in the renewal business in Japan and the new installation of elevators and escalators mainly in India and Korea.

As a result, total sales for this segment increased by 4% from the same period of the previous fiscal year. Operating income increased by 5.6 billion yen from the same period of the previous fiscal year mainly due to an increase in sales.

Industrial Automation Systems

Total sales:	369.3 billion yen	(5% increase from the same period last year which recorded 352.8 billion yen)
Operating income:	33.1 billion yen	(12.4 billion yen decrease from the same period last year which recorded 45.5 billion yen)

The factory automation systems business saw a decrease in orders from the same period of the previous fiscal year due primarily to a temporary slowdown in capital expenditures in the fields of organic light emitting diodes (OLED) and smartphones outside Japan, while sales increased from the same period of the previous fiscal year due primarily to buoyant demand for exports mainly by machinery and semiconductor-related equipment manufacturers in Japan.

The automotive equipment business saw increases in both orders and sales from the same period of the previous fiscal year due primarily to increases in Japan, Europe and Asian markets outside Japan, as well as increased sales in electric-vehicle related equipment in response to market growth worldwide.

As a result, total sales for this segment increased by 5% from the same period of the previous fiscal year. Operating income decreased by 12.4 billion yen from the same period of the previous fiscal year due primarily to a shift in product mix, increases in material prices and upfront investment for growth drivers.

Information and Communication Systems

Total sales:	107.0 billion yen	(6% increase from the same period last year which recorded 101.1 billion yen)
Operating income:	4.3 billion yen	(0.6 billion yen decrease from the same period last year which recorded 5.0 billion yen)

The telecommunications systems business saw decreases in both orders and sales compared to the same period of the previous fiscal year due primarily to decreased demand in communications infrastructure equipment.

The information systems and service business saw increases in both orders and sales compared to the same period of the previous fiscal year, mainly due to an increase in the system integrations business.

The electronic systems business saw an increase in both orders and sales compared to the same period of the previous fiscal year mainly due to an increase in large-scale projects in the defense systems business.

As a result, total sales for this segment increased by 6% compared to the same period of the previous fiscal year. Operating income decreased by 0.6 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

Electronic Devices

Total sales:	50.4 billion yen	(2% decrease from the same period last year which recorded 51.4 billion yen)
Operating income (loss):	(0.2 billion yen)	(4.3 billion yen decline from the same period last year which recorded 4.1 billion yen)

The electronic devices business saw an increase in orders from the same period of the previous fiscal year mainly due to an increase in demand for power modules used in automotive and railcar applications, while sales decreased by 2% from the same period of the previous fiscal year due primarily to a decrease in demand for optical communication devices.

Operating income declined by 4.3 billion yen compared to the same period of the previous fiscal year due primarily to a shift in product mix.

Home Appliances

Total sales:	276.7 billion yen	(3% increase from the same period last year which recorded 269.3 billion yen)
Operating income:	13.6 billion yen	(1.6 billion yen decrease from the same period last year which recorded 15.2 billion yen)

The home appliances business saw an increase in sales of 3% from the same period of the previous fiscal year due to an increase in sales of air conditioners for North America, Europe and Japan.

Operating income decreased by 1.6 billion yen compared to the same period of the previous fiscal year due primarily to increases in material prices and sales expenses.

Others

Total sales:	172.1 billion yen	(4% increase from the same period last year which recorded 165.8 billion yen)
Operating income:	9.1 billion yen	(1.5 billion yen increase from the same period last year which recorded 7.6 billion yen)

Sales increased by 4% compared to the same period of the previous fiscal year due primarily to an increase in sales at affiliated companies involved in materials procurement.

Operating income increased by 1.5 billion yen compared to the same period of the previous fiscal year due primarily to an increase in sales.

Financial Standing

An analysis on the status of assets, liabilities and equity on a consolidated basis

Total assets as of the end of this fiscal quarter decreased from the end of the previous fiscal year by 42.7 billion yen to 4,262.8 billion yen. The change in balance of total assets is mainly attributable to increases in inventories by 81.2 billion yen as a result of work-in-process as recorded in commensurate with progress in job orders under pertinent contracts, while cash and cash equivalents decreased by 18.5 billion yen, and trade receivables and contract assets decreased by 116.2 billion yen primarily as a result of credit collection.

Total liabilities decreased from the end of the previous fiscal year by 95.6 billion yen to 1,812.7 billion yen. The outstanding balances of debt decreased by 9.0 billion yen from the end of the previous fiscal year to 302.9 billion yen, resulting in a decline in the ratio of interest bearing debt to total assets to 7.1%, representing a 0.1 point decrease compared to the end of the previous fiscal year. Meanwhile, trade payables decreased by 46.2 billion yen, and other current liabilities decreased by 44.9 billion yen.

Mitsubishi Electric Corporation stockholders' equity increased by 47.1 billion yen compared to the end of the previous fiscal year to 2,341.2 billion yen. The stockholders' equity ratio was recorded at 54.9%, representing a 1.6 point increase compared to the end of the previous fiscal year. These changes referred to above primarily result from recording a net income attributable to Mitsubishi Electric Corporation stockholders of 102.3 billion yen, despite a decrease of 55.8 billion yen due to dividend payments.

An analysis on the status of cash flow on a consolidated basis

Cash flows from operating activities for the first half of fiscal 2019 increased by 18.0 billion yen compared to the same period of the previous fiscal year to 144.3 billion yen (cash in), mainly due to a decrease in payments of trade payables. Cash flows from investing activities increased by 29.2 billion yen compared to the same period of the previous fiscal year to 98.7 billion yen (cash out), due primarily to a decrease in proceeds from sale of short-term investments and investment securities. As a result, free cash flow was 45.5 billion yen (cash in). Cash flows from financing activities were 68.8 billion yen (cash out) mainly due to dividend payments.

Forecast for Fiscal 2019 (year ending March 31, 2019)

Considering the financial results for the second quarter of fiscal 2019, the latest situation of orders received and other factors, consolidated net sales for fiscal 2019 is expected to exceed the company's previous forecast owing primarily to the weaker yen against the U.S. dollar, while income is expected to fall below the previous forecast in the Industrial Automation Systems and Electronic Devices segments. As a result, the company's consolidated earnings forecast for fiscal 2019, ending March 31, 2019, has been revised from the announcement on July 30, 2018 as stated below.

Consolidated Earnings Forecast for Fiscal 2019

Consolidated	Previous forecast (announced July 30)	Current forecast
Net sales:	4,500.0 billion yen	4,510.0 billion yen (1% increase from fiscal 2018)
Operating income:	315.0 billion yen	305.0 billion yen (7% decrease from fiscal 2018)
Income before income taxes:	345.0 billion yen	335.0 billion yen (5% decrease from fiscal 2018)
Net income attributable to Mitsubishi Electric Corp. stockholders:	245.0 billion yen	240.0 billion yen (6% decrease from fiscal 2018)

Exchange rates in and after the third quarter of fiscal 2019 is 105 yen to the U.S. dollar, which is 5 yen weaker from the company's previous announcement, 125 yen to the euro, unchanged from the previous announcement, and 16.0 yen to the Chinese yuan, which is 0.5 yen stronger.

Note: *The results forecast above is based on assumptions deemed reasonable by the Company at the present time, and actual results may differ significantly from forecasts. Please refer to the cautionary statement at the end.*

Consolidated Financial Results Summary

1. Consolidated Half-year Results

(In billions of yen except where noted)

	FY '18 1 st half (A) (Apr. 1, 2017 – Sept. 30, 2017)	FY '19 1 st half (B) (Apr. 1, 2018 – Sept. 30, 2018)		
			B – A	B/A (%)
Net sales	2,111.7	2,170.1	58.3	103
Operating income	152.8	125.9	(26.8)	82
Income before income taxes	166.1	141.2	(24.8)	85
Net income attributable to Mitsubishi Electric Corp. stockholders	120.9	102.3	(18.6)	85
Basic net income per share attributable to Mitsubishi Electric Corp. stockholders	56. ³⁷ yen	47.⁷⁰ yen	(8. ⁶⁷ yen)	85

2. Consolidated Second-quarter Results

(In billions of yen except where noted)

	FY '18 Q2 (A) (Jul. 1, 2017 – Sept. 30, 2017)	FY '19 Q2 (B) (Jul. 1, 2018 – Sept. 30, 2018)		
			B – A	B/A (%)
Net sales	1,077.8	1,119.1	41.2	104
Operating income	77.3	64.3	(12.9)	83
Income before income taxes	85.7	72.5	(13.1)	85
Net income attributable to Mitsubishi Electric Corp. stockholders	63.9	54.7	(9.2)	86
Basic net income per share attributable to Mitsubishi Electric Corp. stockholders	29. ⁸² yen	25.⁵² yen	(4. ³⁰ yen)	86

Notes:

- 1) Consolidated financial statements are made in accordance with International Financial Reporting Standards (IFRS).
- 2) The Company has 209 consolidated subsidiaries.

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly
Consolidated Statements of Comprehensive Income (First Half, Fiscal 2019)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

	FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017)		FY '19 1 st half (Apr. 1, 2018 – Sept. 30, 2018)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	2,111,767	100.0	2,170,106	100.0	58,339	103
Cost of sales	1,462,559	69.3	1,530,169	70.5	67,610	105
Selling, general and administrative expenses	496,013	23.5	514,365	23.7	18,352	104
Other profit (loss)	(370)	(0.0)	368	0.0	738	—
Operating income	152,825	7.2	125,940	5.8	(26,885)	82
Financial income	4,885	0.2	6,629	0.3	1,744	136
Financial expenses	1,525	0.0	1,285	0.1	(240)	84
Share of profit of investments accounted for using the equity method	9,987	0.5	10,007	0.5	20	100
Income before income taxes	166,172	7.9	141,291	6.5	(24,881)	85
Income tax expenses	39,386	1.9	33,259	1.5	(6,127)	84
Net income	126,786	6.0	108,032	5.0	(18,754)	85
Net income attributable to:						
Mitsubishi Electric Corp. stockholders	120,972	5.7	102,328	4.7	(18,644)	85
Non-controlling interests	5,814	0.3	5,704	0.3	(110)	98

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

(In millions of yen)

	FY '18 1 st half (A) (Apr. 1, 2017 – Sept. 30, 2017)	FY '19 1 st half (B) (Apr. 1, 2018 – Sept. 30, 2018)	B – A
Net income	126,786	108,032	(18,754)
(Other comprehensive income (loss), net of tax)			
Items that will not be reclassified to net income			
Financial assets measured at fair value through other comprehensive income	9,721	(8,429)	(18,150)
Share of other comprehensive income of investments accounted for using the equity method	597	238	(359)
Subtotal	10,318	(8,191)	(18,509)
Items that may be reclassified to net income			
Exchange differences on translating foreign operations	31,559	9,386	(22,173)
Net changes in the fair value of cash flow hedges	5	92	87
Share of other comprehensive income of investments accounted for using the equity method	(185)	(1,763)	(1,578)
Subtotal	31,379	7,715	(23,664)
Total other comprehensive income (loss)	41,697	(476)	(42,173)
Comprehensive income	168,483	107,556	(60,927)
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders	160,695	100,934	(59,761)
Non-controlling interests	7,788	6,622	(1,166)

Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income (Second Quarter, Fiscal 2019)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

	FY '18 Q2 (Jul. 1, 2017 – Sept. 30, 2017)		FY '19 Q2 (Jul. 1, 2018 – Sept. 30, 2018)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	1,077,831	100.0	1,119,124	100.0	41,293	104
Cost of sales	745,594	69.2	789,122	70.5	43,528	106
Selling, general and administrative expenses	254,403	23.6	264,159	23.6	9,756	104
Other profit (loss)	(502)	(0.0)	(1,492)	(0.1)	(990)	—
Operating income	77,332	7.2	64,351	5.8	(12,981)	83
Financial income	1,467	0.2	1,871	0.2	404	128
Financial expenses	762	0.1	675	0.1	(87)	89
Share of profit of investments accounted for using the equity method	7,689	0.7	7,014	0.6	(675)	91
Income before income taxes	85,726	8.0	72,561	6.5	(13,165)	85
Income tax expenses	18,150	1.7	14,536	1.3	(3,614)	80
Net income	67,576	6.3	58,025	5.2	(9,551)	86
Net income attributable to:						
Mitsubishi Electric Corp. stockholders	63,987	5.9	54,750	4.9	(9,237)	86
Non-controlling interests	3,589	0.4	3,275	0.3	(314)	91

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

(In millions of yen)

	FY '18 Q2 (A) (Jul. 1, 2017 – Sept. 30, 2017)	FY '19 Q2 (B) (Jul. 1, 2018 – Sept. 30, 2018)	B – A
Net income	67,576	58,025	(9,551)
(Other comprehensive income (loss), net of tax)			
Items that will not be reclassified to net income			
Financial assets measured at fair value through other comprehensive income	18,855	(15,817)	(34,672)
Share of other comprehensive income of investments accounted for using the equity method	310	107	(203)
Subtotal	19,165	(15,710)	(34,875)
Items that may be reclassified to net income			
Exchange differences on translating foreign operations	19,019	18,538	(481)
Net changes in the fair value of cash flow hedges	2	110	108
Share of other comprehensive income of investments accounted for using the equity method	672	81	(591)
Subtotal	19,693	18,729	(964)
Total other comprehensive income	38,858	3,019	(35,839)
Comprehensive income	106,434	61,044	(45,390)
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders	101,168	56,204	(44,964)
Non-controlling interests	5,266	4,840	(426)

Condensed Quarterly Consolidated Statements of Financial Position

(In millions of yen)

	FY '18 (A) (ended Mar. 31, 2018)	FY '19 1 st half (B) (ended Sept. 30, 2018)	B – A
(Assets)			
Current assets	2,582,735	2,528,623	(54,112)
Cash and cash equivalents	599,199	580,690	(18,509)
Trade receivables and Contract Assets	1,191,529	1,075,231	(116,298)
Inventories	646,262	727,462	81,200
Other current assets	145,745	145,240	(505)
Non-current assets	1,722,845	1,734,194	11,349
Investments accounted for using the equity method	194,308	191,008	(3,300)
Other financial assets	363,171	348,309	(14,862)
Net property, plant and equipment	724,257	746,544	22,287
Other non-current assets	441,109	448,333	7,224
Total assets	4,305,580	4,262,817	(42,763)
(Liabilities)			
Current liabilities	1,488,249	1,418,025	(70,224)
Bonds and borrowings	122,895	143,825	20,930
Trade payables	579,566	533,365	(46,201)
Other current liabilities	785,788	740,835	(44,953)
Non-current liabilities	420,112	394,728	(25,384)
Bonds and borrowings	189,055	159,083	(29,972)
Net defined benefit liabilities	171,520	176,866	5,346
Other non-current liabilities	59,537	58,779	(758)
Total liabilities	1,908,361	1,812,753	(95,608)
(Equity)			
Mitsubishi Electric Corp. stockholders' equity	2,294,174	2,341,291	47,117
Common stock	175,820	175,820	—
Capital surplus	199,442	202,495	3,053
Retained earnings	1,811,348	1,857,619	46,271
Accumulated other comprehensive income (loss)	109,492	108,339	(1,153)
Treasury stock at cost	(1,928)	(2,982)	(1,054)
Non-controlling interests	103,045	108,773	5,728
Total equity	2,397,219	2,450,064	52,845
Total liabilities and equity	4,305,580	4,262,817	(42,763)
Balance of Debt	311,950	302,908	(9,042)
Accumulated other comprehensive income (loss):			
Exchange differences on translating foreign operations	17,549	24,313	6,764
Remeasurements of defined benefit pension plans	—	—	—
Financial assets measured at fair value through other comprehensive income	91,952	83,968	(7,984)
Net changes in the fair value of cash flow hedges	(9)	58	67

Condensed Quarterly Consolidated Statements of Changes in Equity

(In millions of yen)

	Mitsubishi Electric Corp. stockholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock at cost	Total		
Balance at April 1, 2017	175,820	198,745	1,593,660	101,166	(1,228)	2,068,163	98,800	2,166,963
Comprehensive income								
Net income			120,972			120,972	5,814	126,786
Other comprehensive income (loss)				39,723		39,723	1,974	41,697
Comprehensive income	—	—	120,972	39,723	—	160,695	7,788	168,483
Transfer to retained earnings			7,638	(7,638)		—		—
Dividends paid			(38,642)			(38,642)	(5,326)	(43,968)
Purchase of treasury stock					(698)	(698)		(698)
Reissuance of treasury stock		0			0	0		0
Transactions with non-controlling interests, etc.		4				4	(65)	(61)
Balance at Sep. 30, 2017	175,820	198,749	1,683,628	133,251	(1,926)	2,189,522	101,197	2,290,719

	Mitsubishi Electric Corp. stockholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock at cost	Total		
Balance at April 1, 2018	175,820	199,442	1,811,348	109,492	(1,928)	2,294,174	103,045	2,397,219
Comprehensive income								
Net income			102,328			102,328	5,704	108,032
Other comprehensive income (loss)				(1,394)		(1,394)	918	(476)
Comprehensive income	—	—	102,328	(1,394)	—	100,934	6,622	107,556
Transfer to retained earnings			(241)	241		—		—
Dividends paid			(55,816)			(55,816)	(4,571)	(60,387)
Purchase of treasury stock					(1,054)	(1,054)		(1,054)
Reissuance of treasury stock		0			0	0		0
Transactions with non-controlling interests, etc.		3,053				3,053	3,677	6,730
Balance at Sep. 30, 2018	175,820	202,495	1,857,619	108,339	(2,982)	2,341,291	108,773	2,450,064

Condensed Quarterly Consolidated Statements of Cash Flows

(In millions of yen)

	FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017) (A)	FY '19 1 st half (Apr. 1, 2018 – Sept. 30, 2018) (B)	B – A
I Cash flows from operating activities			
1 Net income	126,786	108,032	(18,754)
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation, amortization and other	81,508	81,407	(101)
(2) Decrease in trade receivables and contract assets	122,083	126,701	4,618
(3) Decrease (increase) in inventories	(54,678)	(70,970)	(16,292)
(4) Increase (decrease) in trade payables	(100,984)	(49,041)	51,943
(5) Other, net	(48,452)	(51,828)	(3,376)
Cash flows from operating activities	126,263	144,301	18,038
II Cash flows from investing activities			
1 Purchase of property, plant and equipment	(88,562)	(88,211)	351
2 Proceeds from sale of property, plant and equipment	1,351	1,502	151
3 Purchase of short-term investments and investment securities (net of cash acquired)	(3,915)	(7,874)	(3,959)
4 Proceeds from sale of short-term investments and investment securities	28,302	3,484	(24,818)
5 Other, net	(6,634)	(7,626)	(992)
Cash flows from investing activities	(69,458)	(98,725)	(29,267)
I + II Free cash flow	56,805	45,576	(11,229)
III Cash flows from financing activities			
1 Proceeds from long-term debt and repayment of long-term debt	(14,374)	(14,551)	(177)
2 Increase (decrease) in bank loans, net	(20,537)	872	21,409
3 Dividends paid	(38,642)	(55,816)	(17,174)
4 Purchase of treasury stock	(698)	(1,054)	(356)
5 Reissuance of treasury stock	0	0	0
6 Other, net	(6,733)	1,676	8,409
Cash flows from financing activities	(80,984)	(68,873)	12,111
IV Effect of exchange rate changes on cash and cash equivalents	8,522	4,788	(3,734)
V Net increase (decrease) in cash and cash equivalents	(15,657)	(18,509)	(2,852)
VI Cash and cash equivalents at beginning of period	662,469	599,199	(63,270)
VII Cash and cash equivalents at end of period	646,812	580,690	(66,122)

Consolidated Segment Information (First Half, Fiscal 2019)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017)		FY '19 1 st half (Apr. 1, 2018 – Sept. 30, 2018)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Energy and Electric Systems	557,134	10,660	568,642	15,564	11,508	4,904	102
Industrial Automation Systems	703,716	96,315	730,350	77,979	26,634	(18,336)	104
Information and Communication Systems	191,216	3,250	186,867	2,502	(4,349)	(748)	98
Electronic Devices	99,532	7,234	101,896	1,269	2,364	(5,965)	102
Home Appliances	539,250	39,446	557,120	33,665	17,870	(5,781)	103
Others	310,781	9,660	327,831	10,343	17,050	683	105
Subtotal	2,401,629	166,565	2,472,706	141,322	71,077	(25,243)	103
Eliminations and other	(289,862)	(13,740)	(302,600)	(15,382)	(12,738)	(1,642)	–
Consolidated Total	2,111,767	152,825	2,170,106	125,940	58,339	(26,885)	103

*Notes: Inter-segment sales are included in the above chart.

2. Sales by Location of Customers

(In millions of yen)

Location of Customers	FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017)		FY '19 1 st half (Apr. 1, 2018 – Sept. 30, 2018)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	1,110,504	52.6	1,168,802	53.9	58,298	105
North America	209,811	9.9	209,854	9.7	43	100
Asia (excluding Japan)	548,040	26.0	528,321	24.3	(19,719)	96
China	273,835	13.0	265,287	12.2	(8,548)	97
Europe	214,323	10.1	233,125	10.7	18,802	109
Others	29,089	1.4	30,004	1.4	915	103
Total overseas sales	1,001,263	47.4	1,001,304	46.1	41	100
Consolidated total	2,111,767	100.0	2,170,106	100.0	58,339	103

Consolidated Segment Information (Second Quarter, Fiscal 2019)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '18 Q2 (Jul. 1, 2017 – Sept. 30, 2017)		FY '19 Q2 (Jul. 1, 2018 – Sept. 30, 2018)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (loss) (D)			
Energy and Electric Systems	288,590	3,948	301,245	9,586	12,655	5,638	104
Industrial Automation Systems	352,899	45,569	369,351	33,106	16,452	(12,463)	105
Information and Communication Systems	101,170	5,033	107,085	4,342	5,915	(691)	106
Electronic Devices	51,410	4,178	50,434	(217)	(976)	(4,395)	98
Home Appliances	269,358	15,258	276,786	13,609	7,428	(1,649)	103
Others	165,877	7,647	172,174	9,183	6,297	1,536	104
Subtotal	1,229,304	81,633	1,277,075	69,609	47,771	(12,024)	104
Eliminations and other	(151,473)	(4,301)	(157,951)	(5,258)	(6,478)	(957)	—
Consolidated Total	1,077,831	77,332	1,119,124	64,351	41,293	(12,981)	104

*Notes: Inter-segment sales are included in the above chart.

2. Sales by Location of Customers

(In millions of yen)

Location of Customers	FY '18 Q2 (Jul. 1, 2017 – Sept. 30, 2017)		FY '19 Q2 (Jul. 1, 2018 – Sept. 30, 2018)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	583,032	54.1	627,368	56.1	44,336	108
North America	103,330	9.6	106,756	9.5	3,426	103
Asia (excluding Japan)	273,614	25.4	258,046	23.0	(15,568)	94
China	133,445	12.4	125,104	11.2	(8,341)	94
Europe	102,259	9.5	111,488	10.0	9,229	109
Others	15,596	1.4	15,466	1.4	(130)	99
Total overseas sales	494,799	45.9	491,756	43.9	(3,043)	99
Consolidated total	1,077,831	100.0	1,119,124	100.0	41,293	104

Notes to the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable

(Notes if there is any significant change in Mitsubishi Electric Corp. stockholders' equity)

Not applicable

Disclosures of Transition to IFRS

The Mitsubishi Electric Group has applied IFRS beginning with the consolidated financial statements for the first quarter of the current fiscal year. The most recent consolidated financial statements prepared in accordance with US GAAP are for the one-year period ended on March 31, 2018. The date of transition to IFRS was April 1, 2017.

(1) Exemptions and exceptions in IFRS 1

IFRS 1 requires entities adopting IFRS for the first time to retrospectively apply IFRS in principle; however, with regard to certain items, it allows exemption from, or prohibits, retrospective application of IFRS.

The Company and its consolidated subsidiaries use the following exemptions on retrospective application permitted by IFRS 1:

- Business combinations

The Company and its consolidated subsidiaries elected not to apply IFRS 3 Business Combinations retrospectively to past business combinations that occurred on or before December 22, 2015. Consequently, the amount of goodwill that arose from business combinations occurred on or before December 22, 2015 is recorded at the carrying value in accordance with US GAAP. This goodwill was tested for impairment at the transition date irrespective of whether there was any indication of impairment.

- Exchange differences on translating foreign operations

The Company and its consolidated subsidiaries elected to deem the cumulative translation differences for foreign operations at the transition date to be zero. Consequently, the cumulative translation differences for foreign operations at the transition date were transferred from accumulated other comprehensive income (loss) to retained earnings.

- Designation of financial instruments recognized before the date of transition to IFRS

The Company and its consolidated subsidiaries elected to determine the classification of financial instruments on the basis of the facts and circumstances that exist at the date of transition to IFRS.

(2) Reconciliations

Reconciliations for which disclosures are required on first time adoption of IFRS are as follows:

Items that do not affect retained earnings and comprehensive income are presented in "Reclassification," and items that affect retained earnings and comprehensive income are presented in "Recognition and measurement differences."

Reconciliation of Equity as at the Date of Transition to IFRS (April 1, 2017)
(Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,500,685	3,062	4,810	2,508,557	Current assets
Cash and cash equivalents	662,469	—	—	662,469	Cash and cash equivalents
Trade receivables	1,037,201	15,261	103,004	1,155,466	Trade receivables and contract assets
Inventories	643,040	—	(83,138)	559,902	Inventories
Prepaid expenses and other current assets	157,975	(12,199)	(15,056)	130,720	Other current assets
	—	(3,062)	60,950	1,729,473	Non-current assets
Long-term trade receivables	2,815	(2,815)	—	—	
Investments	618,935	(618,935)	—	—	
	—	181,724	5,634	187,358	Investments accounted for using the equity method
	—	362,869	27,710	390,579	Other financial assets
Net property, plant and equipment	732,611	—	(33,133)	699,478	Net property, plant and equipment
Other assets	317,224	74,095	60,739	452,058	Other non-current assets
Total assets	4,172,270	—	65,760	4,238,030	Total assets

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,525,761	7,456	33,082	1,566,299	Current liabilities
Bank loans and current portion of long-term debt	124,368	—	21,987	146,355	Bonds and borrowings
Trade payables	780,202	(145,119)	—	635,083	Trade payables
Other current liabilities	621,191	152,575	11,095	784,861	Other current liabilities
	—	(7,456)	6,423	504,768	Non-current liabilities
Long-term debt	227,756	—	—	227,756	Bonds and borrowings
Retirement and severance benefits	194,990	—	8,044	203,034	Net defined benefit liabilities
Other fixed liabilities	83,055	(7,456)	(1,621)	73,978	Other non-current liabilities
Total liabilities	2,031,562	—	39,505	2,071,067	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,039,627	—	28,536	2,068,163	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	212,530	—	(13,785)	198,745	Capital surplus
Retained earnings	1,654,557	—	(60,897)	1,593,660	Retained earnings
Accumulated other comprehensive income (loss)	(2,052)	—	103,218	101,166	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,228)	—	—	(1,228)	Treasury stock at cost
Noncontrolling interests	101,081	—	(2,281)	98,800	Noncontrolling interests
Total equity	2,140,708	—	26,255	2,166,963	Total equity
Total liabilities and equity	4,172,270	—	65,760	4,238,030	Total liabilities and equity

Balance of Debt	352,124	—	21,987	374,111	Balance of Debt
Accumulated other comprehensive income (loss):					Accumulated other comprehensive income (loss):
Foreign currency translation adjustments	18,535	—	(18,535)	—	Exchange differences on translating foreign operations
Pension liability adjustments	(156,993)	—	156,993	—	Remeasurements of defined benefit pension plans
Unrealized gains on securities	136,352	—	(35,223)	101,129	Financial assets measured at fair value through other comprehensive income
Unrealized gains (losses) on derivative instruments	54	—	(17)	37	Net changes in the fair value of cash flow hedges

**Reconciliation of Equity as at the End of the Second Quarter of the Previous Fiscal Year
(September 30, 2017)**

(Condensed Quarterly Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,486,482	2,838	(14,798)	2,474,522	Current assets
Cash and cash equivalents	646,812	—	—	646,812	Cash and cash equivalents
Trade receivables	915,510	16,874	113,789	1,046,173	Trade receivables and contract assets
Inventories	742,105	—	(114,477)	627,628	Inventories
Prepaid expenses and other current assets	182,055	(14,036)	(14,110)	153,909	Other current assets
	—	(2,838)	64,217	1,729,406	Non-current assets
Long-term trade receivables	2,920	(2,920)	—	—	
Investments	614,786	(614,786)	—	—	
	—	175,075	5,269	180,344	Investments accounted for using the equity method
	—	350,237	27,760	377,997	Other financial assets
Net property, plant and equipment	755,261	—	(32,420)	722,841	Net property, plant and equipment
Other assets	295,060	89,556	63,608	448,224	Other non-current assets
Total assets	4,154,509	—	49,419	4,203,928	Total assets

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,405,615	7,599	8,065	1,421,279	Current liabilities
Bank loans and current portion of long-term debt	121,647	—	5,018	126,665	Bonds and borrowings
Trade payables	661,741	(124,109)	—	537,632	Trade payables
Other current liabilities	622,227	131,708	3,047	756,982	Other current liabilities
	—	(7,599)	23,987	491,930	Non-current liabilities
Long-term debt	216,945	—	—	216,945	Bonds and borrowings
Retirement and severance benefits	182,432	—	24,992	207,424	Net defined benefit liabilities
Other fixed liabilities	76,165	(7,599)	(1,005)	67,561	Other non-current liabilities
Total liabilities	1,881,157	—	32,052	1,913,209	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,170,547	—	18,975	2,189,522	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	212,534	—	(13,785)	198,749	Capital surplus
Retained earnings	1,747,050	—	(63,422)	1,683,628	Retained earnings
Accumulated other comprehensive income (loss)	37,069	—	96,182	133,251	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,926)	—	—	(1,926)	Treasury stock at cost
Noncontrolling interests	102,805	—	(1,608)	101,197	Noncontrolling interests
Total equity	2,273,352	—	17,367	2,290,719	Total equity
Total liabilities and equity	4,154,509	—	49,419	4,203,928	Total liabilities and equity
Balance of Debt	338,592	—	5,018	343,610	Balance of Debt
Accumulated other comprehensive income (loss):					Accumulated other comprehensive income (loss):
Foreign currency translation adjustments	43,223	—	(13,747)	29,476	Exchange differences on translating foreign operations
Pension liability adjustments	(139,120)	—	139,120	—	Remeasurements of defined benefit pension plans
Unrealized gains on securities	132,981	—	(29,247)	103,734	Financial assets measured at fair value through other comprehensive income
Unrealized gains (losses) on derivative instruments	(15)	—	56	41	Net changes in the fair value of cash flow hedges

Reconciliation of Equity as at the End of the Previous Fiscal Year (March 31, 2018)
(Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,606,493	(1,434)	(22,324)	2,582,735	Current assets
Cash and cash equivalents	599,199	—	—	599,199	Cash and cash equivalents
Trade receivables	1,087,593	14,225	89,711	1,191,529	Trade receivables and contract assets
Inventories	741,782	—	(95,520)	646,262	Inventories
Prepaid expenses and other current assets	177,919	(15,659)	(16,515)	145,745	Other current assets
Long-term trade receivables	—	1,434	63,345	1,722,845	Non-current assets
Investments	1,965	(1,965)	—	—	
	614,295	(614,295)	—	—	
	—	187,828	6,480	194,308	Investments accounted for using the equity method
	—	335,474	27,697	363,171	Other financial assets
Net property, plant and equipment	740,448	—	(16,191)	724,257	Net property, plant and equipment
Other assets	301,358	94,392	45,359	441,109	Other non-current assets
Total assets	4,264,559	—	41,021	4,305,580	Total assets

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,471,367	8,586	8,296	1,488,249	Current liabilities
Bank loans and current portion of long-term debt	122,430	—	465	122,895	Bonds and borrowings
Trade payables	719,404	(139,838)	—	579,566	Trade payables
Other current liabilities	629,533	148,424	7,831	785,788	Other current liabilities
Long-term debt	—	(8,586)	(349)	420,112	Non-current liabilities
Retirement and severance benefits	189,055	—	—	189,055	Bonds and borrowings
Other fixed liabilities	171,017	—	503	171,520	Net defined benefit liabilities
	68,975	(8,586)	(852)	59,537	Other non-current liabilities
Total liabilities	1,900,414	—	7,947	1,908,361	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,259,355	—	34,819	2,294,174	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	213,250	—	(13,808)	199,442	Capital surplus
Retained earnings	1,857,741	—	(46,393)	1,811,348	Retained earnings
Accumulated other comprehensive income (loss)	14,472	—	95,020	109,492	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,928)	—	—	(1,928)	Treasury stock at cost
Noncontrolling interests	104,790	—	(1,745)	103,045	Noncontrolling interests
Total equity	2,364,145	—	33,074	2,397,219	Total equity
Total liabilities and equity	4,264,559	—	41,021	4,305,580	Total liabilities and equity

Balance of Debt	311,485	—	465	311,950	Balance of Debt
Accumulated other comprehensive income (loss):					Accumulated other comprehensive income (loss):
Foreign currency translation adjustments	34,149	—	(16,600)	17,549	Exchange differences on translating foreign operations
Pension liability adjustments	(141,075)	—	141,075	—	Remeasurements of defined benefit pension plans
Unrealized gains on securities	121,413	—	(29,461)	91,952	Financial assets measured at fair value through other comprehensive income
Unrealized gains (losses) on derivative instruments	(15)	—	6	(9)	Net changes in the fair value of cash flow hedges

Notes to reconciliation of equity

The principal effects of transition to IFRS in the reconciliation of equity above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

- (a) In accordance with the presentation provisions under IFRS, other financial assets are presented separately.
- (b) Part of trade receivables, prepaid expenses and other current assets and other assets, etc. are reclassified based on the definition and recognition criteria of IFRS.
- (c) Part of trade payables, other current liabilities and other fixed liabilities are reclassified based on the definition and recognition criteria of IFRS.

(2) Recognition and measurement differences

The main elements of recognition and measurement differences are as follows:

(a) Employee benefits

Under US GAAP, actuarial gains and losses and past service costs are deferred in accumulated other comprehensive income, subsequently amortized for a specified future period and recognized in profit or loss. Current service costs, interest costs and expected return on plan assets are recognized in profit or loss for the fiscal year.

Under IFRS, on the other hand, changes resulting from remeasurement of defined-benefit corporate pension plans, defined benefit obligation on lump-sum payment plans and plan assets required by IFRS are recognized in other comprehensive income, and reclassified from accumulated other comprehensive income directly to retained earnings, not through profit or loss. Past service costs arising from plan amendments are fully recognized immediately in profit or loss. Current service costs are recognized in profit or loss. Interest costs are recognized in profit or loss at the amount determined by multiplying the net amount of the defined benefit obligation and plan assets by the discount rate used to determine the present value of the obligation.

(b) Equity instruments

Under US GAAP, non-marketable equity instruments are recognized at their cost. If fair value of equity instruments has decreased and the decrease is considered not to be temporary, impairment loss is recognized for the amount of the cost of the equity instruments in excess of fair value. Gains or losses on the sale of these equity instruments are recognized in profit or loss.

Under IFRS, on the other hand, all equity instruments are recognized at fair value irrespective of whether there is an active market. Since it is permitted to recognize changes in fair value in other comprehensive income, the Company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income. Accordingly, loss on impairment and gains or losses on the sale of equity instruments recognized in profit or loss under US GAAP are recognized in other comprehensive income as well.

(c) Income taxes

Under US GAAP, tax expenses incurred by sellers are deferred using the deferral method for differences arising from unrealized profits and losses from intercompany transactions.

Under IFRS, on the other hand, a difference between the carrying amount and the sale price of an asset sold is recognized as a future deductible temporary difference based on the asset-and-liability approach. A deferred tax asset is recognized for the future deductible temporary difference using purchaser's effective tax rate while taking its recoverability into consideration.

Under US GAAP, deferred tax liabilities for temporary differences associated with investments in equity investees are recognized using tax rates applicable on the premise that the temporary difference will be reversed at the time of sale of the equity investees even if a company intends to continue to hold the investments. In principle, deferred tax liabilities are recognized for the undistributed earnings of subsidiaries, etc.

Under IFRS, deferred tax liabilities are in principle recognized for all the taxable temporary differences using tax rates applied when the taxable temporary differences reverse, such as when receiving dividends or selling the investments. Deferred tax liabilities are recognized for the taxable temporary differences associated with investments in subsidiaries etc. which are probable to reverse in the foreseeable future.

- (d) Exchange differences on translating foreign operations
Cumulative exchange differences on translating foreign operations are all deemed to be zero at the date of transition to IFRS. Consequently, exchange differences on translating foreign operations included in accumulated other comprehensive income as at the transition date were fully reclassified to retained earnings.
- (e) Exclusion of equity investees
Under US GAAP, when an investee no longer qualifies as an equity investee, the difference between the sale price and the carrying amount of the interest sold is recognized in profit or loss. If an investor retains a residual interest, gains or losses recognized in prior periods remain included in the carrying amount of the residual interest.
Under IFRS, on the other hand, when an investee no longer qualifies as an equity investee, the residual interest is measured at fair value if an investor retains a residual interest. The sale price and the difference between the fair value and the carrying amount of the residual interest at the point when an investee no longer qualifies as an equity investee is recognized in profit or loss.
- (f) Government grants
Under US GAAP, government grants related to acquisition of assets are not reflected in the carrying amounts of assets because there are no accounting standards for such government grants.
Under IFRS, on the other hand, government grants related to assets are recognized as reducing the carrying amount of the asset by the government grants received.
- (g) Impairment of non-financial assets
Under US GAAP, if there is an indication that a fixed asset may be impaired, the carrying amount and the undiscounted estimated future cash flows of the asset is compared. If the carrying amount exceeds the estimated future cash flows, any excess of the carrying amount over the fair value is recognized as an impairment loss.
Under IFRS, on the other hand, if there is an indication that a fixed asset may be impaired, any excess of the carrying amount over the recoverable amount of the fixed asset (the higher of value in use or fair value less costs of disposal) is recognized as an impairment loss of the fixed asset.
- (h) Business combinations
Under US GAAP, in business combinations, the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests.
Under IFRS, on the other hand, in business combinations it is permitted to elect to apply either method: the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests; or non-controlling interest is measured as a proportional interest in the fair value of the acquiree's net identifiable assets and goodwill is recognized only for the acquirer's share. The Company elected the method of measuring non-controlling interest as a proportional interest in the fair value of the acquiree's net identifiable assets and recognizing goodwill only for the acquirer's share. Capital surplus is recognized when non-controlling interests are additionally acquired after the date when control was obtained.

Reconciliation of Profit or Loss and Comprehensive Income for the First Half of the Previous Fiscal Year (from April 1, 2017 to September 30, 2017)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net sales	2,076,342	—	35,425	2,111,767	Net sales
Cost of sales	1,412,241	(124)	50,442	1,462,559	Cost of sales
Selling, general and administrative expenses	513,273	482	(17,742)	496,013	Selling, general and administrative expenses
Loss on impairment of long-lived assets	1,532	(1,532)	—	—	
	—	(387)	17	(370)	Other profit (loss)
Operating income	149,296	787	2,742	152,825	Operating income
Other income	41,701	—	—	—	
Interest and Dividends	4,885	21,289	(21,289)	4,885	Financial income
Equity in earnings of affiliated companies	9,967	(9,967)	—	—	
Other	26,849	(26,849)	—	—	
Other expenses	5,754	—	—	—	
Interest	1,439	19	67	1,525	Financial expenses
Other	4,315	(4,315)	—	—	
	—	9,967	20	9,987	Share of profit of investments accounted for using the equity method
Income before income taxes	185,243	(477)	(18,594)	166,172	Income before income taxes
Income taxes	48,529	(477)	(8,666)	39,386	Income tax expenses
Net income	136,714	—	(9,928)	126,786	Net income
Net income attributable to the noncontrolling interests	5,590	—	224	5,814	Net income attributable to: Non-controlling interests
Net income attributable to Mitsubishi Electric Corp.	131,124	—	(10,152)	120,972	Mitsubishi Electric Corp. stockholders

(Condensed Quarterly Consolidated Statements of Comprehensive Income) (In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net income	136,714	—	(9,928)	126,786	Net income
Other comprehensive income (loss), net of tax					(Other comprehensive income (loss), net of tax)
Unrealized gains (losses) on securities	(3,296)	(597)	13,614	9,721	Items that will not be reclassified to net income
Pension liability adjustments	17,869	(342)	(17,527)	—	Financial assets measured at fair value through other comprehensive income
	—	939	(342)	597	Remeasurements of defined benefit pension plans
	—	—	(4,255)	10,318	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Foreign currency translation adjustments	26,665	128	4,766	31,559	Items that may be reclassified to net income
Unrealized gains (losses) on derivative instruments	(82)	14	73	5	Exchange differences on translating foreign operations
	—	(142)	(43)	(185)	Net changes in the fair value of cash flow hedges
	—	—	4,796	31,379	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Total	41,156	—	541	41,697	Total other comprehensive income
Comprehensive income	177,870	—	(9,387)	168,483	Comprehensive income
Comprehensive income attributable to the noncontrolling interests	7,625	—	163	7,788	Comprehensive income attributable to:
Comprehensive income attributable to Mitsubishi Electric Corp.	170,245	—	(9,550)	160,695	Non-controlling interests
					Mitsubishi Electric Corp. stockholders

Reconciliation of Profit or Loss and Comprehensive Income for the Second Quarter of the Previous Fiscal Year (from July 1, 2017 to September 30, 2017)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net sales	1,070,743	—	7,088	1,077,831	Net sales
Cost of sales	731,009	(85)	14,670	745,594	Cost of sales
Selling, general and administrative expenses	263,152	21	(8,770)	254,403	Selling, general and administrative expenses
Loss on impairment of long-lived assets	1,532	(1,532)	—	—	
	—	(530)	28	(502)	Other profit (loss)
Operating income	75,050	1,066	1,216	77,332	Operating income
Other income	13,387	—	—	—	
Interest and Dividends	1,298	1,532	(1,363)	1,467	Financial income
Equity in earnings of affiliated companies	7,562	(7,562)	—	—	
Other	4,527	(4,527)	—	—	
Other expenses	2,442	—	—	—	
Interest	762	(4)	4	762	Financial expenses
Other	1,680	(1,680)	—	—	
	—	7,562	127	7,689	Share of profit of investments accounted for using the equity method
Income before income taxes	85,995	(245)	(24)	85,726	Income before income taxes
Income taxes	19,288	(245)	(893)	18,150	Income tax expenses
Net income	66,707	—	869	67,576	Net income
Net income attributable to the noncontrolling interests	3,327	—	262	3,589	Net income attributable to:
Net income attributable to Mitsubishi Electric Corp.	63,380	—	607	63,987	Non-controlling interests Mitsubishi Electric Corp. stockholders

(Condensed Quarterly Consolidated Statements of Comprehensive Income) (In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net income	66,707	—	869	67,576	Net income
Other comprehensive income (loss), net of tax					(Other comprehensive income (loss), net of tax)
Unrealized gains on securities	18,342	(310)	823	18,855	Items that will not be reclassified to net income
Pension liability adjustments	5,392	(163)	(5,229)	—	Financial assets measured at fair value through other comprehensive income
	—	473	(163)	310	Remeasurements of defined benefit pension plans
	—	—	(4,569)	19,165	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Foreign currency translation adjustments	21,945	(727)	(2,199)	19,019	Items that may be reclassified to net income
Unrealized gains (losses) on derivative instruments	(19)	11	10	2	Exchange differences on translating foreign operations
	—	716	(44)	672	Net changes in the fair value of cash flow hedges
	—	—	(2,233)	19,693	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Total	45,660	—	(6,802)	38,858	Total other comprehensive income
Comprehensive income	112,367	—	(5,933)	106,434	Comprehensive income
Comprehensive income attributable to the noncontrolling interests	5,113	—	153	5,266	Comprehensive income attributable to:
Comprehensive income attributable to Mitsubishi Electric Corp.	107,254	—	(6,086)	101,168	Non-controlling interests
					Mitsubishi Electric Corp. stockholders

**Reconciliation of Profit or Loss and Comprehensive Income for the Previous Fiscal Year
(from April 1, 2017 to March 31, 2018)**

(Consolidated Statements of Profit or Loss)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net sales	4,431,198	—	13,226	4,444,424	Net sales
Cost of sales	3,030,902	—	53,024	3,083,926	Cost of sales
Selling, general and administrative expenses	1,061,778	729	(34,623)	1,027,884	Selling, general and administrative expenses
Loss on impairment of long-lived assets	19,881	(19,881)	—	—	
	—	(20,990)	15,820	(5,170)	Other profit (loss)
Operating income	318,637	(1,838)	10,645	327,444	Operating income
Other income	60,414	—	—	—	
Interest and Dividends	8,611	23,637	(23,637)	8,611	Financial income
Equity in earnings of affiliated companies	22,261	(22,261)	—	—	
Other	29,542	(29,542)	—	—	
Other expenses	14,473	—	—	—	
Interest	2,727	4,726	(657)	6,796	Financial expenses
Other	11,746	(11,746)	—	—	
	—	22,261	1,686	23,947	Share of profit of investments accounted for using the equity method
Income before income taxes	364,578	(723)	(10,649)	353,206	Income before income taxes
Income taxes	82,239	(723)	5,291	86,807	Income tax expenses
Net income	282,339	—	(15,940)	266,399	Net income
Net income attributable to the noncontrolling interests	10,459	—	185	10,644	Net income attributable to:
Net income attributable to Mitsubishi Electric Corp.	271,880	—	(16,125)	255,755	Non-controlling interests Mitsubishi Electric Corp. stockholders

(Consolidated Statements of Comprehensive Income)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net income	282,339	—	(15,940)	266,399	Net income
Other comprehensive income (loss), net of tax					(Other comprehensive income (loss), net of tax) Items that will not be reclassified to net income
Unrealized gains (losses) on securities	(14,875)	392	14,431	(52)	Financial assets measured at fair value through other comprehensive income
Pension liability adjustments	15,857	(596)	6,062	21,323	Remeasurements of defined benefit pension plans
	—	204	(34)	170	Share of other comprehensive income of investments accounted for using the equity method
	—	—	20,459	21,441	Subtotal
Foreign currency translation adjustments	17,023	(1,908)	1,877	16,992	Items that may be reclassified to net income Exchange differences on translating foreign operations
Unrealized gains (losses) on derivative instruments	(88)	(6)	23	(71)	Net changes in the fair value of cash flow hedges
	—	1,914	(45)	1,869	Share of other comprehensive income of investments accounted for using the equity method
	—	—	1,855	18,790	Subtotal
Total	17,917	—	22,314	40,231	Total Other comprehensive income
Comprehensive income	300,256	—	6,374	306,630	Comprehensive income
Comprehensive income attributable to the noncontrolling interests	11,852	—	68	11,920	Comprehensive income attributable to: Non-controlling interests
Comprehensive income attributable to Mitsubishi Electric Corp.	288,404	—	6,306	294,710	Mitsubishi Electric Corp. stockholders

Notes to Reconciliation of Profit or Loss and Comprehensive Income

The principal effects of transition to IFRS in the reconciliation of profit or loss and comprehensive income above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

- (a) In accordance with the presentation provisions under IFRS, financial income and financial expenses are presented separately.
- (b) In accordance with the presentation provisions under IFRS, part of other income and other expenses, etc. is included and presented in operating profit.
- (c) Unrealized gains (losses) on securities, pension liability adjustments, foreign currency translation adjustments and unrealized gains (losses) on derivative instruments in other comprehensive income that are attributable to equity investees are reclassified in accordance with the presentation provisions under IFRS.

(2) Recognition and measurement differences

The main elements of recognition and measurement differences are as follows:

(a) Reconciliation of sales and cost of sales

Under US GAAP, if amounts of construction contracts cannot be reliably estimated, all construction costs and construction revenue are recognized when the construction is complete.

Under IFRS, on the other hand, revenue from a performance obligation satisfied over time is recognized using the cost recovery method if the outcome cannot be reliably estimated. Revenues using the cost recovery method are only recognized for costs incurred to the extent that it is probable that the cost will be recovered and costs are recognized as expenses in the period in which they are incurred.

(b) Equity instruments

Non-marketable equity instruments are recognized at their cost under US GAAP. If fair value of equity instruments has decreased and the decrease is considered not to be temporary, impairment loss is recognized for the amount of the cost of the equity instruments in excess of fair value. Gains or losses on the sale of these equity instruments are recognized in profit or loss.

Under IFRS, on the other hand, equity instruments are recognized at fair value irrespective of whether there is an active market. Because it is permitted to recognize changes in fair value in other comprehensive income, the Company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income. Accordingly, loss on impairment and gains or losses on the sale of equity instruments recognized in profit or loss under US GAAP are recognized in other comprehensive income as well.

Notes to Reconciliation of Cash Flows

There are no significant differences in the statement of cash flows resulting from transition from US GAAP to IFRS.

Cautionary Statement

The Mitsubishi Electric Group (hereafter “the Group”) is involved in development, manufacture and sales in a wide range of fields including Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances, and these operations extend globally, not only inside Japan, but also in North America, Europe, Asia and other regions. While the statements herein are based on certain assumptions and premises that the Group trusts and considers to be reasonable under the circumstances on the date of announcement, actual financial standings and operating results are subject to change due to any of the factors as contemplated hereunder and/or any additional factor unforeseeable as of the date of this announcement. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

(1) Important trends

The Group’s operations may be affected by trends in the global economy, social conditions, laws, tax codes and regulations.

(2) Foreign currency exchange rates

Fluctuations in foreign currency markets may affect the Group’s sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases’ sales of exported products and purchases of imported materials that are denominated in foreign currencies.

- (3) Stock markets
A fall in stock market prices may cause a decline in value of the Group's marketable securities and pension assets.
- (4) Supply/demand balance for products and procurement conditions for materials and components
A decline in prices and shipments due to changes in the supply/demand balance, as well as an increase in material prices due to a worsening of material and component procurement conditions, may adversely affect the Group's performance.
- (5) Fund raising
An increase in interest rates, the yen interest rate in particular, would increase the Group's interest expenses.
- (6) Significant patent matters
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.
- (7) Environmental legislation or relevant issues
The Group may incur losses or expenses owing to changes in environmental legislation or the occurrence of environmental issues. Such changes in legislation or the occurrence of environmental issues may also impact manufacturing and all corporate activities of the Group.
- (8) Flaws or defects in products or services
The Group may incur losses or expenses resulting out of flaws or defects in products or services, and the lowered reputation of the quality of all its products and services may affect the entire Group.
- (9) Litigation and other legal proceedings
The Group's operations may be affected by lawsuits or other legal proceedings against Mitsubishi Electric, its subsidiaries and/or equity-method affiliated companies.
- (10) Disruptive changes
Disruptive changes in technology, development of products using new technology, timing of production and market introduction may adversely affect the Group's performance.
- (11) Business restructuring
The Group may record losses due to restructuring measures.
- (12) Information security
The performance of the Group may be affected by computer virus infections, unauthorized access and other unpredictable incidents that lead to the loss or leakage of personal information held by the Group or confidential information regarding the Group's business such as its technology, sales and other operations.
- (13) Natural disasters
The Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunamis, fires and other large-scale disasters.
- (14) Other significant factors
The Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war, pandemic by new strains of influenza and other diseases, or other factors.

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About Mitsubishi Electric Corporation

With nearly 100 years of experience in providing reliable, high-quality products, Mitsubishi Electric Corporation (TOKYO: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. Embracing the spirit of its corporate statement, Changes for the Better, and its environmental statement, Eco Changes, Mitsubishi Electric endeavors to be a global, leading green company, enriching society with technology. The company recorded consolidated group sales of 4,444.4 billion yen (in accordance with IFRS; US\$ 41.9 billion*) in the fiscal year ended March 31, 2018. For more information visit:

www.MitsubishiElectric.com

*At an exchange rate of 106 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2018

Fiscal 2019 First-half Consolidated Results

1. Financial Results
2. Net Sales and Operating Income by Segment
3. Overseas Net Sales by Segment
4. Orders by Segment
5. Foreign Exchange Rates for Recording Net Sales and
Impact of Exchange Rate Fluctuations on Net Sales
6. Capital Expenditures
7. Depreciation of Tangible Fixed Assets and Other
8. Research and Development Expenditures

<Reference>

1. Quarterly Financial Results for Fiscal 2019
2. Quarterly Net Sales and Operating Income by Segment for Fiscal 2019
3. Difference between US GAAP and IFRS

FY '18: Apr. 1, 2017 – Mar. 31, 2018

FY '19: Apr. 1, 2018 – Mar. 31, 2019

1. Financial Results

(Consolidated)

(Billions of yen, year-on-year % change)

	FY '18		FY '19	
	1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)
Net sales	2,111.7	4,444.4	2,170.1 (+3)	4,510.0 (+1)
Operating income	152.8	327.4	125.9 (-18)	305.0 (-7)
Income before income taxes	166.1	353.2	141.2 (-15)	335.0 (-5)
Net income attributable to Mitsubishi Electric Corp. stockholders	120.9	255.7	102.3 (-15)	240.0 (-6)

*Figures in parentheses in the right column indicate change from the previous corresponding period.

2. Net Sales and Operating Income by Segment

(Billions of yen, year-on-year % change)

		FY '18		FY '19	
		1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)
Energy and Electric Systems	Net Sales	557.1	1,253.0	568.6 (+2)	1,290.0 (+3)
	Operating Income	10.6	65.4	15.5 (+46)	70.0 (+7)
Industrial Automation Systems	Net Sales	703.7	1,444.9	730.3 (+4)	1,460.0 (+1)
	Operating Income	96.3	187.3	77.9 (-19)	174.0 (-7)
Information and Communication Systems	Net Sales	191.2	438.1	186.8 (-2)	430.0 (-2)
	Operating Income	3.2	11.3	2.5 (-23)	10.0 (-12)
Electronic Devices	Net Sales	99.5	202.2	101.8 (+2)	210.0 (+4)
	Operating Income	7.2	14.1	1.2 (-82)	6.0 (-58)
Home Appliances	Net Sales	539.2	1,049.3	557.1 (+3)	1,070.0 (+2)
	Operating Income	39.4	55.4	33.6 (-15)	52.0 (-6)
Others	Net Sales	310.7	659.0	327.8 (+5)	670.0 (+2)
	Operating Income	9.6	24.0	10.3 (+7)	25.0 (+4)
Subtotal	Net Sales	2,401.6	5,046.8	2,472.7 (+3)	5,130.0 (+2)
	Operating Income	166.5	357.8	141.3 (-15)	337.0 (-6)
Eliminations and other	Net Sales	-289.8	-602.4	-302.6	-620.0
	Operating Income	-13.7	-30.3	-15.3	-32.0
Consolidated total	Net Sales	2,111.7	4,444.4	2,170.1 (+3)	4,510.0 (+1)
	Operating Income	152.8	327.4	125.9 (-18)	305.0 (-7)

3. Overseas Net Sales by Segment

(Billions of yen, year-on-year % change)

	FY '18		FY '19
	1st Half (Actual)	Full Year (Actual)	1st Half (Actual)
Energy and Electric Systems	204.0	422.1	193.3 (-5)
Industrial Automation Systems	430.8	865.8	431.8 (0)
Information and Communication Systems	5.6	13.1	4.7 (-15)
Electronic Devices	57.0	115.8	56.3 (-1)
Home Appliances	294.3	568.7	306.1 (+4)
Others	9.2	19.7	8.8 (-5)
Consolidated total	1,001.2	2,005.4	1,001.3 (0)
Ratio of overseas net sales to total sales	47.4%	45.1%	46.1%

4. Orders by Segment

(Consolidated) (Billions of yen, year-on-year % change)

	FY '19	
	1st Half (Actual)	
Energy and Electric Systems	658.0	(+2)
Industrial Automation Systems	718.5	(+3)
Information and Communication Systems	167.3	(+2)
Electronic Devices	100.4	(+3)

*Home Appliances and Others segments have few products made on order, thus not included in the chart above.

5. Foreign Exchange Rates for Recording Net Sales and Impact of Exchange Rate Fluctuations on Net Sales

		FY '18		FY '19	
		1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	2nd Half (Forecast)
Average exchange rate	US\$	¥111	¥111	¥111	¥105
	Euro	¥128	¥130	¥130	¥125
	CNY	¥16.5	¥16.8	¥16.6	¥16.0
Impact of exchange rate fluctuations on net sales	Consolidated total	About ¥47.0 billion increase	About ¥75.0 billion increase	About ¥2.0 billion increase	/
	US\$	About ¥10.0 billion increase	About ¥9.0 billion increase	About ¥1.0 billion decrease	
	Euro	About ¥13.0 billion increase	About ¥26.0 billion increase	About ¥3.0 billion increase	
	CNY	About ¥5.0 billion increase	About ¥11.0 billion increase	About ¥2.0 billion increase	

6. Capital Expenditures

(Billions of yen, year-on-year % change)

	FY '18	FY '19
	Full Year (Actual)	Full Year (Forecast)
Energy and Electric Systems	29.5	38.0 (+29)
Industrial Automation Systems	79.2	103.0 (+30)
Information and Communication Systems	22.7	20.0 (-12)
Electronic Devices	17.7	39.0 (+120)
Home Appliances	34.2	37.0 (+8)
Others	8.9	5.0 (-44)
Common	12.0	8.0 (-33)
Consolidated total	204.2	250.0 (+22)

7. Depreciation of Tangible Fixed Assets and Other

(Billions of yen, year-on-year % change)

	FY '18		FY '19	
	1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)
Consolidated	70.0	156.9	69.7 (0)	165.0 (+5)

8. Research and Development Expenditures

(Billions of yen, year-on-year % change)

	FY '18	FY '19
	Full Year (Actual)	Full Year (Forecast)
Consolidated	210.3	225.0 (+7)
Ratio to net sales	4.7%	5.0%

<Reference>

1. Quarterly Financial Results for Fiscal 2019

(Consolidated)

(Billions of yen, year-on-year % change)

	FY '18			FY '19		
	Q1 (Actual)	Q2 (Actual)	1st Half (Actual)	Q1 (Actual)	Q2 (Actual)	1st Half (Actual)
Net sales	1,033.9	1,077.8	2,111.7	1,050.9 (2)	1,119.1 (4)	2,170.1 (3)
Operating income	75.4	77.3	152.8	61.5 (-18)	64.3 (-17)	125.9 (-18)
Income before income taxes	80.4	85.7	166.1	68.7 (-15)	72.5 (-15)	141.2 (-15)
Net income attributable to Mitsubishi Electric Corp.	56.9	63.9	120.9	47.5 (-17)	54.7 (-14)	102.3 (-15)

2. Quarterly Net Sales and Operating Income by Segment for Fiscal 2019

(Billions of yen, year-on-year % change)

		FY '18			FY '19		
		Q1 (Actual)	Q2 (Actual)	1st Half (Actual)	Q1 (Actual)	Q2 (Actual)	1st Half (Actual)
Energy and Electric Systems	Net sales	268.5	288.5	557.1	267.3 (0)	301.2 (+4)	568.6 (+2)
	Operating income	6.7	3.9	10.6	5.9 (-11)	9.5 (+143)	15.5 (+46)
Industrial Automation Systems	Net sales	350.8	352.8	703.7	360.9 (+3)	369.3 (+5)	730.3 (+4)
	Operating income	50.7	45.5	96.3	44.8 (-12)	33.1 (-27)	77.9 (-19)
Information and Communication Systems	Net sales	90.0	101.1	191.2	79.7 (-11)	107.0 (+6)	186.8 (-2)
	Operating income	-1.7	5.0	3.2	-1.8 (—)	4.3 (-14)	2.5 (-23)
Electronic Devices	Net sales	48.1	51.4	99.5	51.4 (+7)	50.4 (-2)	101.8 (+2)
	Operating income	3.0	4.1	7.2	1.4 (-51)	-0.2 (—)	1.2 (-82)
Home Appliances	Net sales	269.8	269.3	539.2	280.3 (+4)	276.7 (+3)	557.1 (+3)
	Operating income	24.1	15.2	39.4	20.0 (-17)	13.6 (-11)	33.6 (-15)
Others	Net sales	144.9	165.8	310.7	155.6 (+7)	172.1 (+4)	327.8 (+5)
	Operating income	2.0	7.6	9.6	1.1 (-42)	9.1 (+20)	10.3 (+7)
Subtotal	Net sales	1,172.3	1,229.3	2,401.6	1,195.6 (+2)	1,277.0 (+4)	2,472.7 (+3)
	Operating income	84.9	81.6	166.5	71.7 (-16)	69.6 (-15)	141.3 (-15)
Eliminations and other	Net sales	-138.3	-151.4	-289.8	-144.6	-157.9	-302.6
	Operating income	-9.4	-4.3	-13.7	-10.1	-5.2	-15.3
Consolidated total	Net sales	1,033.9	1,077.8	2,111.7	1,050.9 (+2)	1,119.1 (+4)	2,170.1 (+3)
	Operating income	75.4	77.3	152.8	61.5 (-18)	64.3 (-17)	125.9 (-18)

3. Difference between US GAAP and IFRS

1) Financial Results

(Consolidated)

(Billions of yen)

	FY '18					
	1st Half (Actual)			Full Year (Actual)		
	US GAAP	IFRS	Difference	US GAAP	IFRS	Difference
Net sales	2,076.3	2,111.7	35.4	4,431.1	4,444.4	13.2
Operating income	149.2	152.8	3.5	318.6	327.4	8.8
Income before income taxes	185.2	166.1	-19.0	364.5	353.2	-11.3
Net income attributable to Mitsubishi Electric Corp. stockholders	131.1	120.9	-10.1	271.8	255.7	-16.1

* "Net income attributable to Mitsubishi Electric Corp. stockholders" is described as "Net income attributable to Mitsubishi Electric Corp." under US GAAP.

2) Net Sales and Operating Income by Segment

(Billions of yen)

		FY '18					
		1st Half (Actual)			Full Year (Actual)		
		US GAAP	IFRS	Difference	US GAAP	IFRS	Difference
Energy and Electric Systems	Net Sales	527.8	557.1	29.2	1,241.9	1,253.0	11.1
	Operating Income	10.1	10.6	0.5	51.7	65.4	13.7
Industrial Automation Systems	Net Sales	703.7	703.7	—	1,444.9	1,444.9	—
	Operating Income	94.8	96.3	1.4	190.8	187.3	-3.4
Information and Communication Systems	Net Sales	185.0	191.2	6.1	436.0	438.1	2.1
	Operating Income	2.8	3.2	0.4	11.9	11.3	-0.6
Electronic Devices	Net Sales	99.5	99.5	—	202.2	202.2	—
	Operating Income	6.9	7.2	0.2	14.5	14.1	-0.3
Home Appliances	Net Sales	539.2	539.2	—	1,049.3	1,049.3	—
	Operating Income	38.4	39.4	0.9	56.0	55.4	-0.5
Others	Net Sales	362.3	310.7	-51.6	764.3	659.0	-105.2
	Operating Income	9.8	9.6	-0.1	23.9	24.0	0.1
Subtotal	Net Sales	2,417.8	2,401.6	-16.1	5,138.9	5,046.8	-92.0
	Operating Income	163.0	166.5	3.5	349.0	357.8	8.8
Eliminations and other	Net Sales	-341.4	-289.8	51.6	-707.7	-602.4	105.2
	Operating Income	-13.7	-13.7	—	-30.3	-30.3	—
Consolidated total	Net Sales	2,076.3	2,111.7	35.4	4,431.1	4,444.4	13.2
	Operating Income	149.2	152.8	3.5	318.6	327.4	8.8