

Unconsolidated Financial Results for FY 2003

(April 1, 2003 through March 31, 2004)



MEMBERSHIP
May 13, 2004

Mazda Motor Corporation

Code No.: 7261 Listed in Tokyo Stock Exchange

Headquartered in : Hiroshima-prefecture

(URL <http://www.mazda.co.jp>)

Representative: Hisakazu Imaki

Representative Director, President

Contact: Nobuyoshi Tochio

Dupty General manager financial services division

Phone: Hiroshima (082) 282-1111

Meeting of the Board of Directors for Account Settlement: May 13, 2004

General Meeting of Stock Holders: June 22, 2004

Adoption of Interim dividend : Adopted

Adoption of unit stock system : Adopted (One rot: 1,000stock)

1. Financial Highlights (April 1, 2003 through March 31, 2004)

(1) Financial Results

(in Japanese yen rounded off to millions)

	Sales		Operating Income/(Loss)		Ordinary Income/(Loss)	
	Million yen	%	Million yen	%	Million yen	%
FY2003	1,661,715	8.1	20,437	(29.7)	11,955	(51.4)
FY2002	1,537,610	12.7	29,074	11.6	24,579	(13.3)

	Net Income/(Loss)		Net Income/(Loss) per share	Net Income/(Loss) per share (Diluted)	Return on Equity	Ordinary Income to Total assets	Ordinary Income to Sales
	Million Yen	%	Yen	Yen	%	%	%
FY2003	3,051	-	2.51	2.16	0.8	0.9	0.7
FY2002	(50,202)	-	(41.14)	-	(11.9)	1.8	1.6

Notes:

- Average number of shares of common stock issued:

FY2003	1,217,820,452 shares
FY2002	1,220,396,253 shares
- Accounting policy changes : Yes.
- Changes in sales, operating income, ordinary income, and net income from the previous period are shown in percentage.

(2) Dividends

(in Japanese yen rounded down to millions)

	Dividends per share			Amount of Annual Dividends	Dividends Payout Ratio	Annual Dividends per equity
	Interim	Year-end	Year-end			
FY2003	2.00	0.00	2.00	2,434	79.8	0.6
FY2002	2.00	0.00	2.00	2,438	-	0.6

(3) Financial Position

(in Japanese yen rounded down to millions)

	Total assets	Shareholders' Equity	Equity Ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2003	1,412,668	398,390	28.2	327.34
FY2002	1,373,610	397,830	29.0	326.35

Notes:

- | | | | | |
|--------------------------|-------------|----------------------|-------------|----------------------|
| Number of issued stock | Mar.31,2004 | 1,217,047,601 shares | Mar.31,2003 | 1,219,036,165 shares |
| Number of treasury stock | Mar.31,2004 | 5,449,054 shares | Mar.31,2003 | 3,460,490 shares |

2. FY2004 Financial forecast (April 1, 2004 through March 31, 2005)

	Sales	Ordinary Income /(Loss)	Net Income /(Loss)	Dividends per share	
	Million Yen	Million Yen	Million Yen	Interim	Year-end
Full Year	1,890,000	20,000	7,000	0.00	2.00

Reference: Net income per share for the full year: 5.75 yen

The financial projection is the judgement of our management based on the information presently available. By nature, such financial projection is subject to uncertainty and risks. Therefore, we advise against making an investment decision by solely relying on this projection. Variables that could affect the actual financial results include, but are not limited to, economic environments related to our business areas and fluctuations in yen-to-dollar and other exchange rates. For further information on the above financial projection, please refer to page 7 of Supplementary Information to Consolidated Financial Results for FY 2003.

Unconsolidated Statement of Operations
For the Years Ended March 31, 2004 and 2003

(in Japanese yen rounded off to millions)

		FY2003 (Apr.2003-Mar.2004)	FY2002 (Apr.2002-Mar.2003)	Increase/ (Decrease)
Sales	1	1,661,715	1,537,610	124,105
Cost of sales	2	1,377,178	1,261,185	115,993
Gross profit on sales	3	284,537	276,425	8,112
Selling, general and administrative expenses	4	264,100	247,351	16,748
Operating income/ (loss)	5	20,437	29,074	(8,637)
Non-operating income				
Interest and dividend income	6	3,914	3,112	801
Other	7	4,883	5,005	(121)
Total	8	8,797	8,117	680
Non-operating expenses				
Interest and discount expense	9	7,156	8,006	(850)
Other	10	10,122	4,605	5,517
Total	11	17,279	12,611	4,668
Ordinary income/ (loss)	12	11,955	24,579	(12,624)
Extraordinary profits				
Profit on sale of tangible fixed assets	13	513	34	479
Profit on sale of investment securities	14	332	4,130	(3,798)
Other	15	-	55	(55)
Total	16	845	4,219	(3,374)
Extraordinary losses				
Loss on sale of tangible fixed assets	17	69	1,083	(1,014)
Loss on retirement of tangible fixed assets	18	3,666	3,010	656
Loss on sale of investment securities	19	65	595	(530)
Valuation loss on investment securities	20	173	48,873	(48,701)
Valuation loss on investments	21	2,788	2,553	235
Loss on restructuring of subsidiaries and affiliates	22	291	1,303	(1,012)
Provision of allowance for doubtful receivables	23	-	11,535	(11,535)
Provision of allowance for business restructuring	24	-	2,695	(2,695)
Other	25	114	505	(391)
Total	26	7,165	72,152	(64,987)
Income/ (loss) before income taxes	27	5,634	(43,354)	48,988
Income taxes				
Current	28	989	117	872
Deferred	29	1,594	6,731	(5,137)
Net income/ (loss)	30	3,051	(50,202)	53,254
Retained earnings/(deficit) brought forward	31	17,492	10,614	6,879
Reversal of land revaluation	32	(1,533)	(858)	(675)
Unappropriated retained earnings/(deficit)	33	19,011	(40,447)	59,458

Unconsolidated Balance Sheet

As of March 31, 2004 and 2003

(in Japanese yen rounded off to millions)

		FY2003	FY2002	Increase/ Decrease
		(Mar. 31, 2004)	(Mar. 31, 2003)	(Decrease)
Assets				
Current assets				
Cash and time deposits	1	209,896	175,063	34,832
Trade notes	2	87	8	79
Accounts receivable	3	163,221	154,563	8,659
Finished products	4	27,666	24,580	3,087
Raw materials	5	535	446	89
Work in process	6	26,727	28,376	(1,649)
Supplies	7	1,676	1,579	97
Prepaid expenses	8	733	978	(245)
Deferred taxes	9	31,380	25,084	6,296
Accrued revenue	10	28,587	28,582	5
Other	11	13,983	17,008	(3,025)
Allowance for doubtful receivables	12	(7,900)	(6,113)	(1,787)
Total current assets	13	496,591	450,154	46,437
Fixed assets				
Tangible fixed assets:				
Buildings	14	75,248	75,072	177
Structures	15	16,967	16,829	138
Machinery and equipment	16	136,938	137,390	(453)
Transportation equipment	17	1,941	1,673	268
Tools, furniture and fixtures	18	22,795	23,534	(739)
Land	19	294,737	296,083	(1,347)
Construction in progress	20	18,437	18,693	(256)
Total tangible fixed assets	21	567,063	569,275	(2,211)
Intangible fixed assets:				
Software	22	13,139	10,794	2,345
Investments and other assets:				
Investment securities	23	2,875	2,314	562
Investment securities for affiliates	24	239,363	237,402	1,961
Investments	25	374	1,580	(1,206)
Investment in affiliates	26	4,634	2,934	1,700
Long-term loans receivable	27	4,503	4,746	(243)
Long-term loans receivable for employee	28	-	1	(1)
Long-term loans receivable for affiliates	29	6,780	28,822	(22,042)
Bad and doubtful receivables	30	1,166	3,178	(2,012)
Long-term prepaid expenses	31	4,627	4,854	(227)
Deferred taxes	32	71,621	79,633	(8,012)
Other	33	7,374	8,089	(714)
Allowance for doubtful receivables	34	(6,932)	(29,656)	22,724
Investment valuation allowance	35	(511)	(511)	-
Total investments and other fixed assets	36	335,875	343,385	(7,510)
Total fixed assets	37	916,077	923,454	(7,377)
Deferred Assets				
Discounts on bonds	38	-	2	(2)
Total assets	39	1,412,668	1,373,610	39,059

(in Japanese yen roundedoff to millions)

		FY2003	FY2002	Increase/ (Decrease)
		(Mar. 31, 2004)	(Mar. 31, 2003)	
Liabilities				
Current liabilities				
Trade notes	1	1,094	1,515	(421)
Accounts payable	2	186,449	162,421	24,028
Short-term loans payable	3	37,450	43,980	(6,530)
Long-term loans payable due within one year	4	41,807	58,883	(17,077)
Bonds due within one year	5	67,400	34,846	32,554
Other accounts payable	6	18,739	9,752	8,987
Accrued expenses	7	58,077	56,799	1,278
Sales deposits	8	54	35	19
Deposit received	9	13,612	5,332	8,280
Reserve for warranty expenses	10	21,214	17,683	3,531
Reserve for loss on restructuring of subsidiaries and affiliates	11	254	3,570	(3,316)
Reserve for loss on business restructuring	12	2,329	2,695	(366)
Note payable related to facilities	13	-	165	(165)
Other	14	7,223	2,238	4,985
Total current liabilities	15	455,702	399,915	55,787
Fixed liabilities				
Bonds	16	70,000	100,000	(30,000)
Bonds with stock acquisition rights	17	60,000	60,000	-
Long-term loans payable	18	172,924	173,769	(845)
Deferred tax liability related to land revaluation	19	91,113	90,833	280
Employees' and executive officers' severance and retirement benefits	20	161,998	148,004	13,994
Directors' and corporate auditors' retirement benefits	21	680	568	112
Guaranty money received	22	1,408	2,094	(687)
Other	23	455	597	(142)
Total fixed liabilities	24	558,577	575,865	(17,288)
Total liabilities	25	1,014,279	975,779	38,499
Shareholders' equity				
Common stock	26	120,078	120,078	-
Legal surplus				-
Capital surplus reserve	27	104,217	104,217	-
Total Legal surplus	28	104,217	104,217	-
Retained earnings				
Earned surplus reserve	29	15,752	15,752	-
Reserve for optional purpose	30	8,967	69,344	(60,378)
Reserve for advanced depreciation deduction of fixed assets	31	8,935	9,312	(378)
Reserve for special depreciation	32	25	32	(7)
Reserve for general purpose	33	-	60,000	(60,000)
Reserve for World Exposition	34	7	-	7
Unappropriated retained earnings/(deficit)	35	19,011	(40,447)	59,458
Total retained earnings	36	43,729	44,649	(920)
Land revaluation	37	131,470	129,939	1,532
Net unrealized loss on available-for-sale securities	38	345	(195)	540
Treasury stock	39	(1,450)	(858)	(592)
Total shareholders' equity	40	398,390	397,830	559
Total liabilities and shareholders' Equity	41	1,412,668	1,373,610	39,059

Appropriation of retained earnings (Draft)

For the Years Ended March 31, 2004 and 2003

(in Japanese yen rounded off to millions)

	FY 2003	FY 2002
	Mar. 31, 2004	Mar. 31, 2003
Unappropriated retained earnings/(deficit)	19,011	(40,447)
Reversal of reserve for general purpose	-	60,000
Reversal of reserve for advanced depreciation deduction of fixed assets	685	664
Reversal of reserve for special depreciation	8	8
Total	19,704	20,225

They will be appropriated as follows:

Dividends	2,434	2,438
	(2 yen per share)	(2 yen per share)
Reserve for advanced depreciation deduction of fixed assets	305	286
Reserve for special depreciation	970	1
Reserve for the World Exposition	14	7
Retained earnings/(deficit) carried forward	15,981	17,492

Note:

The amount of appropriation and reversal of reserve for advanced depreciation deduction of fixed assets, reserve for special depreciation and reserve for the World Exposition are based on Special Tax Treatment Law.

Significant Accounting Policies

1. Asset valuation method

(1)Securities: For the “Investment securities for affiliates” and “Available-for-sale securities”, the one which doesn’t have the market value is booked on historical cost basis based on the moving average method. “Available-for-sale securities” which has the market value is booked in fair value based on the market prices, etc. as of Mar.31,2004. The variances are all booked as “Net unrealized gain/loss on available-for-sale securities” in “Shareholder’s equity” whether they are gain or loss, and its cost of sales is calculated on moving average method.

(2)Derivatives: Market value method

(3)Inventories: Historical cost basis based on an average method

2. Depreciation method of fixed assets

(1) Tangible fixed assets: Straight-line method is used.

The useful lives and residual value are booked on the same standard as the method prescribed in the Corporate Tax Law.

(2) Intangible fixed assets: Software is amortized on straight-line method over the available useful lives (5years).

3. Accounting of deferred assets

Discount on bonds is amortized on straight-line method over the term of the bonds (5 years). And the bond issue cost is recognized as the one-time cost at the payment timing.

4. Accounting for conversion of items in foreign currencies

Debts and credits in foreign currencies are converted to Japanese yen at the exchange rate as of March 31, 2004. Exchange differences are accounted for gain or loss.

5. Standards for Recognition of reserves

(1)Reserve for warranty expenses:

Reserve for warranty expenses provides for after-sales service expenses of products. The amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects into consideration.

(2)Reserve for loss on restructuring of subsidiaries and affiliates:

Reserve for loss on restructuring of subsidiaries and affiliates provides for losses related to restructuring of subsidiaries and affiliates. The amount is estimated in light of the financial positions and other conditions of the subsidiaries and affiliates.

(3)Reserve for loss on business restructuring:

Reserve for loss on business restructuring provides for losses related to the closure of a plant in accordance with Mazda’s business restructuring plan. The amount, estimated in a reasonable manner, for such losses is recognized.

(4)Employees’ and executive officers’ severance and retirement benefits:

Employees’ and executive officers’ severance and retirement benefits provide for the costs of severance and retirement benefits to employees and executive officers.

For employees’ severance and retirement benefits, the amount estimated to have been incurred as of the end of the current year is recognized based on the estimated amount of liabilities for severance and retirement benefits and the estimated fair value of the pension plan assets at the end of the current fiscal year. The recognition of prior service cost is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred, i.e., in 12 years. The recognition of actuarial differences is also deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized, i.e., in 13 years. The amortization of net gains or losses starts from the fiscal year immediately following the year in which such gains or losses are realized.

For executive officers’ retirement benefits, the liability is provided for the amount that would be required if all eligible executive officers retired at the balance sheet date.

<Additional Information>

Commencing with the enforcement of law of defined benefit corporate pension plan, the company was authorized for the exemption of the future obligation by Minister of Health, Labor and Welfare on March 26, 2004.

The returnable amount which is the minimum reserve of our responsibility calculated this fiscal year end is 140,026 Mil yen. Assuming that the returnable amount is paid at the end of this fiscal year end, the assumption of loss is 45,419 Mil yen, come up with the appropriation of 44 clause of article 2, practical guide lines (interim report) of accounting standard for retirement benefits

(5)Directors' and corporate auditors' retirement benefits:

Directors' and corporate auditors' retirement benefits provide for the payment of retirement benefits to directors and corporate auditors. The equivalent of the amount that would be required by the internal corporate policy if all the directors and corporate auditors retired at the end of this fiscal year is recognized.

(6)Allowance for doubtful receivables:

Allowance for doubtful receivables provides for the losses from bad debt. The amount estimated to be uncollectible is recognized.

For receivables at an ordinary risk, the amount is estimated based on the past default ratio.

For receivables at a high risk and receivables from debtors under bankruptcy proceedings, the amount is estimated based on the financial standing of the debtor.

(7)Investment valuation allowance:

Investment valuation allowance provides for losses from investments. The amount is estimated in light of the financial standings of the investee companies.

6. Accounting for lease

Finance lease transactions other than those with an unconditional title transfer clause to lessee are processed according to the accounting standard of ordinary rent transaction.

7. Accounting for hedging activities

Full-deferral hedge accounting is applied.

8. Accounting of consumption tax, etc.

Tax-excluding method is applied

Accounting Change

Accounting for foreign exchange contracts:

Until the year ended March 31, 2003, Mazda Motor Corporation (the "Company") accounted for Sales and Purchase in foreign currencies and related forward foreign exchange contracts qualifying as hedges in the manner that sales and purchase hedged by qualifying forward foreign exchange contracts were translated at the corresponding foreign exchange contract rates. Commencing in April 1, 2003, however, the Company changed the accounting to the method defined as standards. Under the standards method, sales and purchases are translated in to Japanese yen at the exchange rates in effect at the dates they are transacted, and related receivables and payables are translated at the exchange rates in effect at the balance sheet dates, while forward foreign exchange contracts qualifying as hedges on those sales and purchase transactions are recognized at their fair value at the contracts qualifying as hedges on those sales and purchase transactions are recognized at their balance sheet date and changes in fair values are charged to earnings. This change was made as a result of the improvement made in the Company's internal system to properly grasp the conditions of derivative transactions.

The effects of this change for the year ended March 31, 2004 are to increase operating income by 4,546 million yen and to increase ordinary income and income before income taxes by 82 million yen.

Additional information

Real Estate Trust Contract

In September '99, the company entered into a real estate trust contract, and the beneficial ownership of property was transferred to a third party, and the real estate was leased back to the Company. The real estate includes an education facility, a research and development facility, distribution centers and stores of domestic dealers.

In addition, Mazda entered for a "Tokumei Kumiai" agreement with, and made an investment in the transferee.

In order to fairly state the Company's investment at its substantial value, the cumulative amount of investment loss that the Company is responsible for is directly deducted from the balance of the investments, with the excess of cumulative loss over investments, i.e.,1,888 million yen, is reported in the "Other" category of current liabilities.

Footnotes

Notes to Balance Sheet

	(in millions of yen)	
	FY2003 (Mar.31,2004)	FY2002 (Mar.31,2003)
1. Accumulated depreciation on tangible fixed assets	950,026	959,727
2. Assets offered as collateral	326,663	332,004
Collateralized loans	127,636	182,437
3. Subordinate loans receivable	1,152	24,618
4. Contingent liabilities for guarantee and similar agreements	190,886	243,814
5. Factoring of receivables with recourse	9,960	17,553

6. In FY2000, in accordance with the Law to Partially Revise the Land Revaluation Law (Law No. 19, enacted on March 31, 2001), land owned by the Company for business uses was revalued. The deferred taxes on the unrealized gains are included in the liabilities as "Deferred Tax Liability Related to Land Revaluation". The unrealized gains on the revaluation are included in the shareholders' equity as "Land Revaluation" for the amount net of deferred taxes..

The date of revaluation: March 31, 2001

Method of revaluation:

The fair value of land is determined based on the method that are promulgated and published by the Secretary of the National Tax Agency, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). The method includes the revaluation of land for land-holding tax and reasonable adjustments including those for the timing of assessment.

At the end of this period, the difference between the total amount of fair value of the revaluated land and the total amount of revaluated book value of land for business based on the Article 10 of the Land Revaluation Law is 56,962 Mil. yen.

7. Restriction of Financial Activity

In the bond issue contract of unsecured bonds No.15, 16,17 and 18 (including negative pledge which ranks pari passu solely with other series of unsecured debenture or bonds), as long as the balance of the bonds exist, the company must maintain the net worth more than 289.3 Bil. yen on the balance sheet as of the end of the fiscal period after the payment date of the bonds.

In the bond issue contract of unsecured bonds (with subscription clause) No.4 and No.19 (including negative pledge which ranks pari passu solely with other series of unsecured debenture or bonds), as long as the outstanding balance of this bond exists, the company must maintain the net worth more than 129.7 Bil. yen on the consolidated balance sheet of the end of each fiscal year.

In the bond issue contract of unsecured bonds No.20 (including negative pledge which ranks pari passu solely with other series of unsecured debenture or bonds), as long as the outstanding balance of this bond exists, the Company must maintain the net worth more than 145.6 Bil. yen on the consolidated balance sheet of the end of each fiscal year.

Regarding the Variance of land revaluation, according to the Law of land re-valuation No.7 of the clause2-1, it is prohibited to be paid as dividends.

The increase in net worth by the valuation stipulated in the Commercial Code Enforcement Regulation is 345 million yen.

Notes to Statement of Operations

	(in millions of yen)	
	FY2003 <u>(Apr., 03 –Mar., 04)</u>	FY2002 <u>(Apr., 02 –Mar., 03)</u>
1. Total amount of research and development costs	74,820	72,905
2. Breakdown of profit on sale of fixed assets		
Land and other	508	-
Structures	-	13
Machinery and equipment	4	10
Others	-	10
3. Breakdown of loss on sales of tangible fixed assets		
Buildings and other	69	-
Building	-	801
Others	-	282
4. Breakdown of loss on retirement of tangible fixed assets		
Machinery and equipment	2,472	2,018
Tools, furniture and fixtures	886	739
Others	308	253

Lease transactions

	(in millions of yen)	
	FY2003 <u>(Apr., 03 –Mar., 04)</u>	FY2002 <u>(Apr., 02 –Mar., 03)</u>
1. Finance lease transactions other than those with an unconditional title transfer clause to lessee.		
Balance of leased assets at this fiscal year end	134,127	136,321
Equivalent of acquisition costs	82,716	76,958
Equivalent of accumulated depreciation	51,411	59,363
Equivalent of net book value at this fiscal year end		
Balance of lease obligation for future payment at this fiscal year end	53,568	62,634
(Due within one year)	(20,779)	(19,169)
Lease fee paid for this fiscal year	20,977	21,598
Equivalent of depreciation	17,716	18,206
Equivalent of interest	2,184	2,613

Depreciation of leased assets is calculated 100% of acquisition costs or up to the contracted residual value for the assets, using the straight-line method over the lease term.

Interest included in lease fee is computed as difference between total lease fee and acquisition cost of the leased asset. This amount is allocated to each fiscal period by interest method.

	(in millions of yen)	
	FY2003 <u>(Apr., 03 –Mar., 04)</u>	FY2002 <u>(Apr., 02 –Mar., 03)</u>
2. Operating lease transactions		
Balance of lease obligation for future payment at this fiscal year end	23,534	24,594
(Due within one year)	(23,527)	(1,070)

Marketable Securities

Stocks for subsidiaries and affiliates that have the market value.

	(in million of yen)	
	FY2003 (As of Mar. 31, 2004)	FY2002 (As of Mar. 31, 2003)
Stock for affiliates		
Book Value	331	331
Market Value	988	275
Difference	658	(56)

Deferred Tax

1. Deferred tax assets and liabilities reflect the estimated tax effects of accumulated temporary differences between assets and liabilities for financial accounting purposes and those for tax purposes. The significant components of deferred tax assets and liabilities were as follows:

	(in millions of yen)	
	FY2003 (Mar.31,2004)	FY2002 (Mar.31,2003)
Deferred tax assets		
Allowance for doubtful receivables	5,950	13,920
Accrued employees' bonuses	6,765	6,375
Reserve for warranty claims	8,579	7,059
Reserve for retirement benefits	63,992	57,425
Loss on liquidation of affiliates	1,901	1,963
Denial of loss on evaluation of stocks	26,557	25,430
Deficit carried forward	7,762	7,865
Other	<u>13,142</u>	<u>14,832</u>
Sub total gross deferred tax assets	<u>134,648</u>	<u>134,869</u>
Allowance account	(24,800)	(24,039)
Total gross deferred tax assets	<u>109,848</u>	<u>110,830</u>

Deferred tax liabilities

Reserve for advanced depreciation deduction of fixed assets, etc.	<u>(6,847)</u>	<u>(6,113)</u>
Net deferred tax assets	<u>103,001</u>	<u>104,717</u>

Deferred tax liabilities related to land revaluation

Deferred tax liabilities related to land revaluation	(91,113)	(90,833)
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2. The effective tax rate reflected in the non-consolidated statements of income for the year ended March 31, 2004 differs from the statutory tax rate for the following reasons:

	FY2003 (Mar.31,2004)	FY2002 (Mar 31, 2003)
Statutory tax rate	41.7%	41.7%
(Adjustments)		
Loss on revaluation of investment securities	13.6	(56.3)
Reduction of deferred tax asset due to change of tax rate	22.6	(4.6)
Dividends receivables, etc. which are not included in taxable income	(25.3)	1.8
Sale of reevaluated land unrecognized as a differed tax asset	(8.5)	-
Entertainment expenses, etc. which are not deducted from taxable income	1.7	(0.2)
Other	0.0	1.8
Effective tax rate reflecting on the tax effect accounting	<u>45.8</u>	<u>(15.8)</u>

3. Modification of the amount of deferred tax asset/liability due to change of tax rate

(Previous year)

For the year ended March 31,2002,the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was 41.7%. For the year ended March 31, 2003, however , the statutory tax rate was changed due to an enacted change in tax laws. As a result, for those temporary differences expected to reverse on or before March 31,2004,the statutory tax rate applied remained at 41.7%; however, for those temporary differences expected to reverse on or after April 1,2004,the statutory tax rate was changed from 41.7% to 40.4%.

The effect of this change in the statutory tax rate was to decrease deferred tax assets (net of deferred tax liabilities) by 1,986 million yen as of March 31, 2003, and to increase income tax expense for the year ended March 31, 2003 by the same amount. In addition, as of March 31,2003, deferred tax liability related to land revaluation decreased by 2,930 million yen and land revaluation increased by the same amount due to the change in the statutory tax rate.

FY 2003 Financial Summary (Unconsolidated)

May.13, 2004
Mazda Motor Corporation

		(in 100 millions of yen)		FY2002		FY2003		FY2004			
		(in thousands of units)		(Apr.02-Mar.03)		(Apr.03-Mar.04)		(Apr.04-Mar.05)			
		(Upper left: ratio on sales)						Projection			
					%		%		%		
Net Sales	Domestic	1	5,875	+4.6	6,222	+5.9	6,500	+4.5			
	Export	2	9,501	+18.3	10,395	+9.4	12,400	+19.3			
	Total	3	15,376	+12.7	16,617	+8.1	18,900	+13.7			
Operating income/(loss)		4	1.9%	290	+11.6	1.2%	204	(29.7)	1.1%	200	(2.1)
Ordinary income/(loss)		5	1.6%	245	(13.3)	0.7%	120	(51.4)	1.1%	200	+67.3
Income/(loss) before tax		6	(2.8%)	(433)	-	0.3%	56		0.6%	110	+95.2
Net income/(loss)		7	(3.3%)	(502)	-	0.2%	31		0.4%	70	+129.4
Average rate for the period		8	124 Yen/US\$		113Yen/US\$		105Yen/US\$				
			119 Yen/EUR		133Yen/EUR		125Yen/EUR				
Transaction rate		9	124 Yen/US\$		117Yen/US\$		106Yen/US\$				
			119 Yen/EUR		131Yen/EUR		128Yen/EUR				
Capital investment		10	356		355		490				
Depreciation and amortization		11	239		266		290				
R & D cost		12	729		748		810				
Total assets		13	13,736		14,127						
Net worth		14	3,978		3,984						
Financial debts		15	4,761		4,617						
Net financial debts		16	3,061		2,618						
Sales volume	Domestic total	17	300	+4.5	303	+1.0	324	+6.9			
	Export total	18	572	+7.1	590	+3.2	719	+21.9			
Domestic production units		20	777	+6.4	811	+4.5	859	+5.9			
Number of employees (Excluding dispatchees)		21	18,191		18,077						