FY2005 Consolidated Financial Results
For the Year Ended March 31, 2006

English Translation from the Original Japanese-Language Document

FASF MEMBERSHIP

April 28, 2006

Company Name	: **Mazda Motor Corporation** (Headquartered in Hiroshima, Japan/Tokyo Stock Exchange/Code No. 7261)
URL	: http://www.mazda.co.jp
Representative Person	: Hisakazu Imaki, Representative Director, President and CEO
Contact Person	: Tetsuya Fujimoto, General Manager, Accounting Department, Phone (082) 282-1111
BOD Meeting	: Meeting of the board of directors for consolidated account settlement held on April 28, 2006
Parent Company, etc.	: Mazda has no parent company. Ford Motor Company owns 33.9% voting interest of Mazda.
US GAAP Adoption	: The United States generally accepted accounting principles not adopted

1. Consolidated Financial Highlights (April 1, 2005 through March 31, 2006)

(1) Consolidated Financial Results

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

	Sales		Operating Income		Ordinary Income	
	million yen	%	million yen	%	million yen	%
FY2005	**2,919,823**	**8.3**	**123,435**	**48.8**	**101,470**	**38.9**
FY2004	2,695,564	(7.6)	82,947	18.2	73,056	25.9

	Net Income		Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Sales
	million yen	%	yen	yen	%	%	%
FY2005	**66,711**	**45.7**	**51.53**	**47.25**	**20.0**	**5.7**	**3.5**
FY2004	45,772	35.0	37.63	32.41	18.7	4.1	2.7

Notes: 1) Equity in net income of unconsolidated subsidiaries and affiliated companies — **FY2005** **8,976** million yen; FY2004 9,963 million yen

2) Average number of shares outstanding (on a consolidated basis) — **FY2005** **1,294,533,853** shares; FY2004 1,216,245,150 shares

3) Accounting change: None.

4) Changes in sales, operating income, ordinary income, and net income from the previous period are shown in percentage.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Equity per Share
	million yen	million yen	%	Yen
FY2005	**1,788,659**	**398,024**	**22.3**	**284.28**
FY2004	1,767,846	267,815	15.1	220.22

Notes: Number of shares issued and outstanding at year end (on a consolidated basis): **FY2005** **1,400,094,037** shares; FY2004 1,216,130,686 shares

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Ending Cash & Cash Equivalents
	million yen	million yen	million yen	million yen
FY2005	**114,598**	**(80,987)**	**(43,452)**	**208,658**
FY2004	133,735	(97,835)	(96,124)	214,639

(4) Scope of Consolidation and Equity Method

Consolidated subsidiaries	58 companies
Unconsolidated subsidiaries accounted for by the equity method	0 companies
Affiliates accounted for by the equity method	14 companies

(5) Changes in Scope of Consolidation and Equity Method

Consolidation	(Addition)	5 companies	Equity method	(Addition)	3 companies
	(Exclusion)	0 companies		(Exclusion)	1 company

2. FY2006 Consolidated Financial Forecast (April 1, 2006 through March 31, 2007)

	Net Sales	Operating Income	Ordinary Income	Net Income
	million yen	million yen	million yen	million yen
Full Year	3,100,000	135,000	130,000	75,000

Reference: Net income per share for the full year 53.57 yen

The financial projection is the judgment of our management based on the information presently available. By nature, such financial projection is subject to uncertainty and a risk. 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 pages 6 to 8 of Supplementary Information.

Supplementary Information

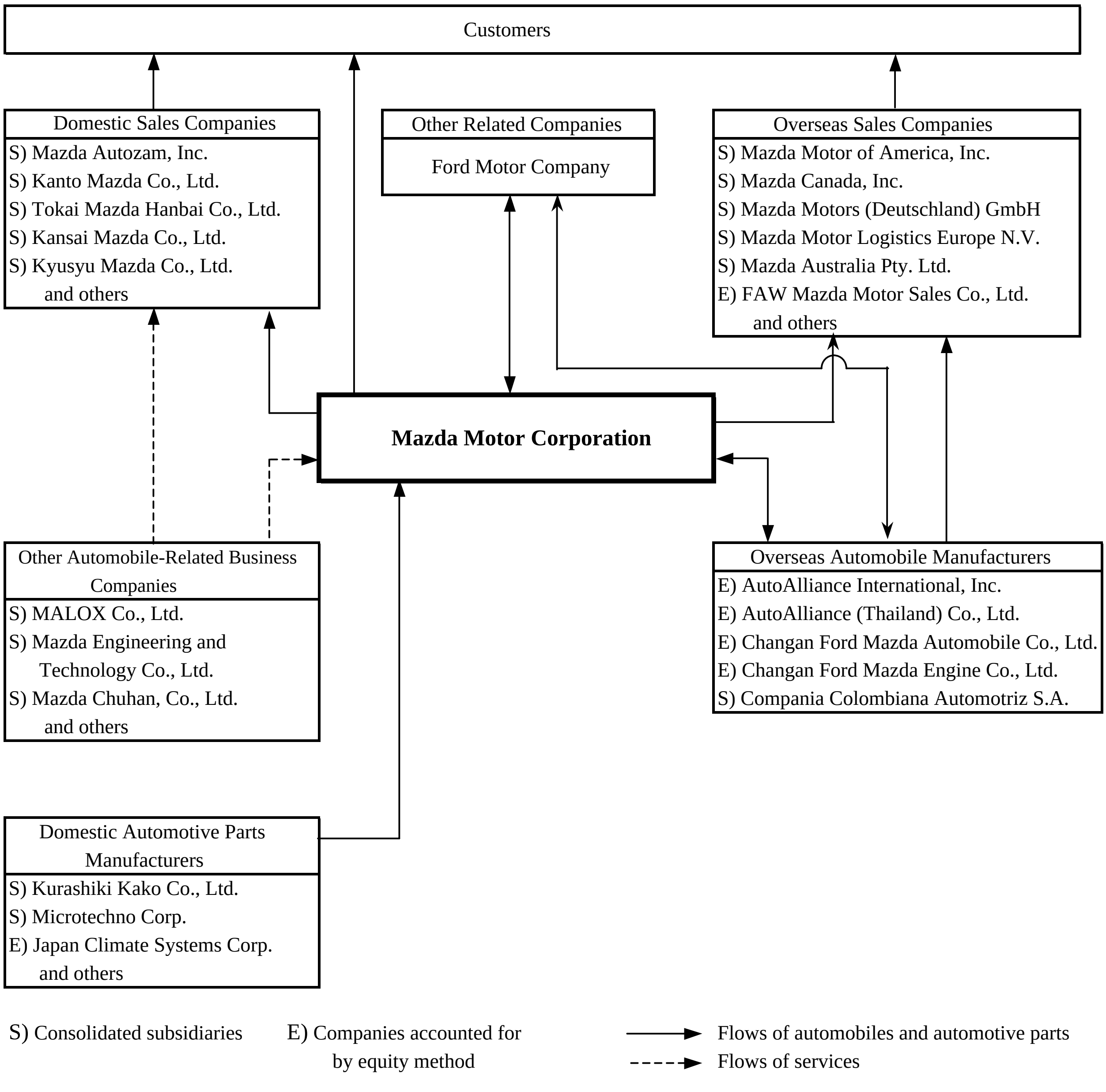
1. Mazda Group of Companies

Mazda group of companies consists of Mazda Motor Corporation, 58 consolidated subsidiaries and 14 equity method-applied companies and is mainly engaged in the manufacturing and sales of automobiles and automotive parts as well as in other automobile-related businesses.

In Japan, Mazda Motor Corporation manufactures automobiles. Mazda Motor Corporation, Kurashiki Kako Co., Ltd. and other companies manufacture automotive parts. In overseas, AutoAlliance International, Inc. and other companies manufacture automobiles and automotive parts. The automobiles and automotive parts manufactured by our group of companies are sold to customers by our sales companies. In Japan, Mazda Autozam, Inc., Kanto Mazda Co., Ltd. and other companies sell our automobiles and automotive parts to customers. To certain corporate customers, Mazda Motor Corporation directly sells our automobiles. In overseas, Mazda Motor of America, Inc., Mazda Motors (Deutschland) GmbH and other companies sell our automobiles and automotive parts to customers.

In addition, Mazda Motor Corporation, having an equity relationship with Ford Motor Company, has expanded its relationship with Ford to a strategic cooperative relationship on a global scale.

The following diagram approximately illustrates the roles of Mazda Motor Corporation and its main related companies in conducting the group's business:



Note: None of the consolidated subsidiaries is listed at a stock exchange in Japan.

2. Management Policy

1) Our Corporate Vision, Mission and Values

Mazda's Corporate Vision is comprised of a "Vision" (corporate objectives) along with a statement of "Mission" (roles and responsibilities) and "Value" (the values Mazda seeks to produce). These principles are helping express the ways in which Mazda and Mazda's employees understand their roles and responsibilities as they press towards the achievement of these aims. Through the realization of this Corporate Vision, we aim to consistently augment corporate value, which we view as leading to meeting expectation of our stakeholders including shareholders, customers, suppliers, employees and the society and also leading to realizing sustainable development for the society and Mazda.

Vision	:	To create new value, excite and delight our customers through the best automotive products and services.
Mission	:	With passion, pride and speed, we actively communicate with our customers to deliver insightful automotive products and services that exceed their expectations.
Value	:	We value integrity, customer focus, creativity, efficient and nimble actions and respect highly motivated people and team sprit. We positively support environmental matters, safety and society. Guided by these values, we provide superior rewards to all people associated with Mazda.

2) Our Policy on Distribution of Earnings

Our policy on distribution of earnings is to declare dividends by carefully considering each fiscal year's financial results and business environment. Our intent is to provide our stockholders with dividends on a stable basis. Our policy on earnings retained in the company is to utilize the financial resources to enhance our business competitiveness, e.g., capital investments in facilities and equipment and investments in research and development.

3) Our Policy on Reduction of Stock-investment Unit

Mazda considers high liquidity of stock is important to create an environment in which more investors can participate in the market, in order to constitute an appropriate Mazda stock price in the stock market. We will continue considering the reduction of stock-investment unit in a cautious manner, while watching share price performance and the market trends in the future carefully.

4) Mid-term Corporate Management Strategy

Based on the Corporate Vision and the "Mazda Momentum" mid-term plan announced in November 2004, Mazda Group is working to establish a solid foundation for fully-fledged future growth, while maintaining the current momentum. The mid-term plan will conclude at the end of fiscal year 2006, and is supported by 4 pillars: Reinforcing Research & Development, Strengthening Key Markets, Enhancing Global Efficiencies and Synergies, and People Development.

In order to reinforce research and development, we will increase our investment in several key areas, including those associated with the environment, safety, and information technology. In doing so, we expect to make the traditionally strong technological capability of our company, even stronger.

To reinforce the key markets, we currently plan to introduce 16 new products during the Mazda Momentum period, and this plan is on track. In addition, we are fortifying the global sales network and are focused on improving customer satisfaction.

In order to enhance our global efficiencies and synergies, we are focusing on R&D, manufacturing, purchasing, and logistics activities on a global basis. Mazda Group launched "ABC Phase2" during this fiscal year, a cost reduction plan which focuses on reinforcing our global procurement capability, supply chain management and establishing a global commodity cycle plan.

To support these initiatives, people development is indispensable. It continues to be our key focus for future success of the company. We plan to reinforce management capabilities, promote global people development, and prepare an environment which respects individual creativity.

The Mazda Momentum plan has numeric targets: 1,250,000 units of wholesale volume, over 100 billion yen operating profit, and a net debt to equity ratio of below 100%.

5) Our Challenges

The future economic outlook for both the domestic Japanese market and overseas markets appears to steadily improve and expand in the short-term. However, raw material price increases, including crude oil, and rapid exchange fluctuations are some of the uncertain factors waiting ahead of us.

In the automotive industry, manufacturers are expected to apply various environmental regulatory requirements and to invest in the development of next-generation technology. This will make the marketplace even more competitive. However, by steadily implementing Mazda Momentum, we believe we will be able to achieve profitable and sustainable growth.

6) Information about Parent Company and Other Companies Having a Significant Voting Interest

Mazda has no parent company. However, Ford Motor Company has a significant portion of Mazda's voting interest as follows:

Name of the Company Having a Significant Voting Interest:	Ford Motor Company
Percentage of Voting Interest:	33.9%
Stock Exchanges Ford Motor Company is listed:	The New York Stock Exchange The Pacific Exchange Stock exchanges in Belgium, France, Switzerland and the United Kingdom

Note 1: Ford's 33.9% voting interest is indirect.

Note 2: Ford Automotive International Holding, S.L. and FLP Canada, 100% subsidiaries of Ford Motor Company, directly invest in Mazda.

Our Relationship with Ford Motor Company and Our Position in the Ford Group

In July 1979, Mazda Motor Corporation reached the following agreement with Ford Motor Company: a) Mazda to acquire Ford Kogyo Co., Ltd., a subsidiary of Ford Motor Company and b) Mazda to issue Ford new shares amounting to 25% of Mazda's total issued shares after the acquisition. In December 1993, Ford and Mazda strengthened their relationship and agreed to build a global strategic alliance. In April 1996, agreement was reached to further strengthen this strategic relationship. In May of the same year, Mazda issued new shares to Ford by third-party allotment. As a result, the holding ratio of Ford to Mazda increased to 33.4%.

The strengthening of the Mazda-Ford relationship has enabled both companies to coordinate their strategies in all areas, including product development, manufacturing and the distribution of vehicles. The competitiveness of both companies has been enhanced by improving efficiency and achieving greater economies of scale through effective utilization of resources and the development of each company as a supply source for the other.

At the same time, the alliance between Ford and Mazda aims to improve the independent partner profit through pursuing synergy in variety of areas. Mazda continues to maintain its distinct identity and independence in management.

Auto Alliance International, Inc. and Auto Alliance Thailand Co., Ltd. are jointly operated by Mazda and Ford.

Related Party Transactions

Information on related party transactions will be separately disclosed as soon as it becomes available.

3. Financial Results, Position and Projection

1) Full-year Financial Results and Position

During this fiscal year, the raw material prices, including crude oil and steel, continued to soar. At the same time, manufacturing investment as well as private consumption and demand showed steady improvement. In the U.S., the economy continued to grow. The European economy has begun showing signs of recovery. China and other Asian economies remained to be strong. In general, the global economy showed steady performance.

Automotive sales in Japan during this fiscal year totaled to 5.86 million units, a year-on-year increase of 0.7% largely reflecting an increase in commercial vehicle and micro sales. In the U.S., industry volumes were 16.88 million units, up 1.1% from the prior year, while Europe was 18.37 million units, up 2.5%. In China, industry sales were 6.21 million units, up 19.6% from the previous fiscal year.

Under these economic conditions, Mazda Group continued its product-led growth strategy.

The new Roadster, a fully remodeled light weight open sport car, was launched in August 2005. This car won "2005-2006 Japan Car of the Year" in November of the same year. The full-model changes of the Scrum Wagon and the Van, and the MPV were debuted in September 2005 and February 2006 respectively. The new MPV has an improved packaging including spacious cabins. With its innovative design and improved driving performance, it has achieved superb environmental compatibility at the forefront of its time.

In addition to the introduction of the new MPV, we have implemented product upgrades like interior and exterior refreshening and dynamic performance improvements to some of our other models and introduced special versions to enhance the marketability.

In support of our product-led growth, in January 2006, Mazda added capacity to produce more MZR engines to meet the global demand, followed by the start of production in February of the CX-7 to be launched in the North American market in spring. The CX-7 is a crossover SUV with unprecedented performance and styling, which make a clean break from the fleet of traditional SUVs currently offered. In China, in September 2005, Mazda, Ford, and Changan Automotive Group established "Changan Ford Mazda Engine Co Ltd" in Nanjing City, a joint venture engine company to start operation in 2007. In spring 2006, Mazda invested in Changan Ford Mazda Automobile Co., Ltd. (in Chongqing). Through these actions to enhance relations with Ford and Changan Automotive Group, Mazda is working to create a strong foundation to produce higher quality products in the market.

As for sales activities, Mazda is enhancing its sales networks. In Japan, Mazda is promoting to increase sales outlets in metropolitan areas. In the U.S., Mazda is proceeding to increase exclusive dealerships and strengthen distribution. The dealer exclusivity at the end of this fiscal year was at 43%, on track to achieving the target. Mazda started the sales in Mexico in 2005. Also in Europe, a representative sales company was established in Russia to strengthen our focus on this growing market. Mazda also established a new company in Thailand to expand the business in the Association of Southeast Asian Nations (ASEAN). In China, various initiatives are underway to increase our sales capacity to 300,000 units in the year 2010. In June 2005, Mazda opened its new Shanghai-based company, Mazda Motor (Shanghai) Business Management & Consulting Co. Ltd. and started full-scale business together with a joint sales company with First Auto Works. The annual retail volume in 2005 was over 130,000 units and Mazda is on track for business growth in China.

In this fiscal year, Mazda made a significant step forward in the technology development arena. Mazda introduced the world first hydrogen rotary engine vehicle, RX-8 Hydrogen RE. The unique technology had been developed to lead to a better future for motorized society and energy. In March 2006, Mazda commenced leasing the vehicle to two energy-related companies. It has been decided that this RX-8 Hydrogen RE is to be leased to local governments.

As for the retail volume and share in key markets, retail volume in Japan was 287,000 units, slightly higher than the prior year, driven by the Premacy and the newly introduced Roadster and the MPV. The market share including micro was flat year-on-year at 4.9%. In the US, retail volume was 262,000 units, slightly lower than the prior year, and market share was 1.5%, down 0.1% points, reflecting continuing strong car sales, offset by a decline of light truck sales. In Europe, retail volume was 282,000 units, up 3% on prior year, driven by the new Mazda5 (Premacy) and the MX-5 (Roadster). Market share was unchanged at 1.5%. In fast-growing China, retail volume was 130,000 units, up 36% year-on-year and market share was 2.1%, up 0.3 points on prior year.

Consolidated wholesales in this fiscal year totaled 1,149,000 units, an increase of 45,000 units or 4.0% from the same period a year ago, reflecting strong global demand for the Mazda3 and the new Mazda5.

Turning to financial results, on a consolidated basis, sales revenue was ¥2,919.8 billion, an increase of ¥224.2 billion or 8.3% year-over-year. Operating income was up ¥40.5 billion or 48.8% to ¥123.4 billion, and ordinary income was ¥101.5 billion, up ¥28.4 billion or 38.9%. Net income was ¥66.7 billion, up ¥20.9 billion or 45.7%, as the extraordinary loss from the adoption of accounting for impairment of fixed assets was more than offset by the extraordinary profit from the transfer of the retirement benefit obligation of the substitutional portion to the government. As a result, net profit, as well as operating profit and ordinary profit achieved record-high levels.

Consolidated cash flow (operating and investing activities) was ¥33.6 billion. While net cash provided by operating activities was ¥114.6 billion, net cash used in investing activities amounted to ¥81.0 billion, primarily due to investments in production facilities and equipment. Also, net cash used in financing activities amounted to ¥43.5 billion, mainly due to the repayment of loans and redemption of bonds. Net debt (gross debt less cash and cash equivalents) was ¥246.8 billion, ¥66.7 billion lower than at March 31, 2005, due to positive cash flow (operating and investing activities) and the exercise of the stock acquisition rights of the bonds with stock acquisition rights. Gross debt was ¥455.4 billion, down ¥72.7 billion from the prior year-end. As a result, the net debt to equity ratio became 62%.

Our consolidated capital expenditure totaled ¥72.1 billion, up ¥4.2 billion from the previous fiscal year, including investment in production facilities for new products as well as for rationalization and laborsaving and also including investment in research and development facilities for new technologies and new products.

With certain implementation of key measures set in our mid-term plan, Mazda Momentum, the target of operating profit above ¥100 billion and the target of net debt to equity ratio below 100% were achieved in this fiscal year. We will continue working to complete the foundation building for future full-scale growth in the next fiscal year, the final year of the Mazda Momentum.

Mazda’s financing activities in this fiscal year included ¥67.1 billion long-term bank borrowing and the issuance of domestic unsecured bonds of ¥25 billion.

Our present plan is to declare a year-end dividend of 5 yen per share for this fiscal year, in light of improved performance in sales, operating income and ordinary income that are all higher than the last year.

2) Financial Projection

Our projection for the fiscal year 2006 (the year ending March 31, 2007) is as follows.

Consolidated

Wholesales	1,210	thousand units	(up 5.3% compared to the prior year)
Sales revenue	3,100.0	billion yen	(up 6.2% compared to the prior year)
Operating income	135.0	billion yen	(up 9.4% compared to the prior year)
Ordinary income	130.0	billion yen	(up 28.1% compared to the prior year)
Net income	75.0	billion yen	(up 12.4% compared to the prior year)

Unconsolidated

Wholesales	1,158	thousand units	(up 8.9% compared to the prior year)
Sales revenue	2,290.0	billion yen	(up 12.7% compared to the prior year)
Operating income	70.0	billion yen	(up 4.5% compared to the prior year)
Ordinary income	80.0	billion yen	(up 32.9% compared to the prior year)
Net income	50.0	billion yen	(up 355.2% compared to the prior year)

We have revised our consolidated wholesale volume target set in the Mazda Momentum reflecting industry demand trend and reinforcement of Mazda Brand under the difficult sales environment.

Cautionary Statement with Respect to Forward-Looking Statements

Information included in this material with respect to Mazda Group's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Mazda Group. We caution you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements. Therefore, you should not place undue reliance on them. Also, you should not rely on any obligation of us to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect Mazda Group include, but are not limited to:

1) The global economic environment related to Mazda Group's business

Mazda Group sells products in Japan and around the world, including in North America, Europe and Asia. An economic downturn or declining demand in these markets could adversely affect Mazda's business results and financial position.

2) Exchange rates, particularly between the yen and the U.S. dollar and euro

Mazda Group exports products from Japan to the rest of the world and consequently its business results and financial position are exposed to the effects of fluctuations in exchange rates. An appreciation of the yen, particularly against the U.S. dollar and euro, could lower Mazda Group's profitability and ability to compete on price.

Mazda uses forward-exchange contracts and other instruments in some of its transactions to minimize the impact of exchange rate risk. However, a weakening of the yen could result in a loss of contingent gains.

3) The success of Mazda Group's joint ventures and alliances

Mazda Group is involved in joint activities with other companies under technology alliances, joint ventures and in other forms with respect to the development, production and sales of products. These joint activities are designed to optimize resources, facilitate their prioritization and generate synergies. However, a disagreement over management, financial or other matters between the parties involved could mean that the joint activities fail to deliver the results expected. This could adversely affect Mazda Group's business results and financial position.

4) Environmental and other public regulations

Mazda Group's operations in each country where it does business are subject to various government regulations such as those pertaining to environmental problems, automobile safety, fuel consumption and exhaust emissions. Observance of new regulations could result in substantial additional costs, which could adversely affect Mazda Group's business results and financial position.

5) Market competitiveness

Mazda Group competes with a large number of companies in the global automobile market. Maintaining and enhancing the Group's ability to compete in this environment is crucial to ensuring growth. Consequently, Mazda Group is implementing a range of initiatives to boost its competitiveness in product development, manufacturing, sales and other areas. However, Mazda Group's business results and financial position could be affected in the event that it fails to launch appealing products at opportune times, due to a failure to accurately ascertain market trends or as a result of issues related to technological capabilities and manufacturing. The same holds true if Mazda Group fails to take effective steps to respond to customer values or changes thereof through its dealership network or sales methods.

6) Reliance on certain raw materials and suppliers

Mazda Group relies on numerous suppliers outside the Group for the procurement of materials and components. However, due to tight supply-demand balances, constraints at suppliers, or changes to and breaches of supply contracts, Mazda Group may face difficulties in procuring the necessary level of materials and components for volume production, leading to a rapid increase in the price of materials procured. Any failure to cover the cost of these increases through internal efforts to boost productivity, pass on price rises to customers or other measures, may lead to a deterioration in output or higher costs, which could adversely affect Mazda Group's business results and financial position.

7) Risks associated with international business activities

In addition to Japan, Mazda Group sells its products and carries out business activities in markets around the world, including the United States and Europe, as well as developing and emerging markets overseas. In these markets, the Group is subject to the following potential risks, which could affect Mazda Group's business results and financial position if manifested.

- Adverse political and economic developments
- Impediments arising from changes in laws and regulations
- Potential adverse impact from tax regulations
- Difficulties in attracting and securing personnel
- Undeveloped infrastructure
- Strikes and other labor disputes
- Terrorist incidents, war, disease and other factors leading to social disorder

8) Protection of intellectual property

In order to maintain competitiveness, Mazda Group is working to accumulate and protect technologies and expertise that help it to develop unique products, and also working to prevent itself from infringing third-party's intellectual property rights. But, none the less, in the event of a disputed infringement of third-party intellectual property rights by Mazda Group, the Group may be subject to substantial damages claims or be forced to halt the production and the sale of products. This could also adversely affect Mazda Group's business results and financial position.

The Group's intellectual property is not subject to complete protection in certain regions. In the event that third parties use Mazda Group's intellectual property on an unauthorized basis to produce similar products, the Group may have to pay substantial expenses for litigation, or experience a decline in sales due to an inability to offer unique products. This could adversely affect Mazda Group's business results and financial position.

9) Defective products

While striving to improve the quality of its products to meet the requirements of the market, Mazda Group also does its utmost to ensure the safety of its products. However, the Group cannot guarantee that large-scale product recalls or other issues will not occur due to product defects arising from unforeseen circumstances. Such events may lead to significant costs or a loss of trust in the Group, which could adversely affect Mazda Group's business results and financial position.

10) Risks associated with natural disasters and accidents

In addition to measures to protect its manufacturing sites and other important facilities against fire and earthquakes, Mazda Group has concluded natural disaster insurance contracts and taken other steps to minimize the financial risk of such events. However, the ability of the Group to supply products may be severely disrupted in the event of a major earthquake, typhoon or other natural disaster, fire and other accidents, which could adversely affect Mazda Group's business results and financial position.

4. Consolidated Financial Statements

(1) Consolidated Statement of Income

For the Years Ended March 31, 2006 and 2005

(in millions of yen)

For the years ended		**FY2005** **March 31, 2006**	FY2004 March 31, 2005	Increase/ (Decrease)
Net sales	1	**2,919,823**	2,695,564	224,259
Costs of sales	2	**2,110,934**	1,972,574	138,360
Gross profit on sales	3	**808,889**	722,990	85,899
Selling, general and administrative expenses	4	**685,454**	640,043	45,411
Operating income	5	**123,435**	82,947	40,488
Non-operating income				
Interest and dividend income	6	**2,359**	2,416	(57)
Equity in net income of unconsolidated subsidiaries and affiliates	7	**8,976**	9,963	(987)
Other	8	**6,584**	6,664	(80)
Total	9	**17,919**	19,043	(1,124)
Non-operating expenses				
Interest expense	10	**11,662**	13,786	(2,124)
Foreign exchange loss	11	**19,088**	7,443	11,645
Other	12	**9,134**	7,705	1,429
Total	13	**39,884**	28,934	10,950
Ordinary income	14	**101,470**	73,056	28,414
Extraordinary profits				
Profit on sale of tangible fixed assets	15	**309**	214	95
Profit on sale of investment securities	16	**1,409**	-	1,409
Compensation received for the exercise of eminent domain	17	**472**	1,924	(1,452)
Insurance proceeds	18	**996**	27,942	(26,946)
Gain on the transfer to the government of the substitutional portion of employee pension fund liabilities	19	**59,611**	-	59,611
Other	20	**237**	34	203
Total	21	**63,034**	30,114	32,920
Extraordinary losses				
Loss on retirement and sale of tangible fixed assets	22	**6,742**	10,852	(4,110)
Loss on impairment of fixed assets	23	**36,650**	-	36,650
Loss on sale of investment securities	24	**2**	425	(423)
Loss on liqudation of a *Tokumei Kumiai*	25	**-**	2,226	(2,226)
Loss on disasters	26	**-**	14,831	(14,831)
Other	27	**3,642**	989	2,653
Total	28	**47,036**	29,323	17,713
Income before income taxes	29	**117,468**	73,847	43,621
Income taxes				
Current	30	**26,439**	14,494	11,945
Prior year	31	**10,201**	-	10,201
Refund	32	**-**	(2,151)	2,151
Deferred	33	**12,454**	14,315	(1,861)
Minority interests of consolidated subsidiaries	34	**1,663**	1,417	246
Net income	35	**66,711**	45,772	20,939

(2) Consolidated Balance Sheet
March 31, 2006 and March 31, 2005

(in millions of yen)

	As of	**FY2005** **March 31, 2006**	FY2004 March 31, 2005	Increase/ (Decrease)
ASSETS				
Current Assets:				
Cash and time deposits	1	**208,765**	218,959	(10,194)
Trade notes and accounts receivable	2	**164,220**	142,011	22,209
Inventories	3	**256,652**	253,869	2,783
Deferred taxes	4	**94,685**	80,133	14,552
Other	5	**58,062**	80,655	(22,593)
Allowance for doubtful receivables	6	**(6,739)**	(8,031)	1,292
Total current assets	7	**775,645**	767,596	8,049
Fixed Assets:				
Tangible fixed assets:				
Buildings and structures	8	**146,967**	147,026	(59)
Machinery and vehicles	9	**183,280**	155,914	27,366
Tools, furnitures and fixtures	10	**28,004**	29,015	(1,011)
Land	11	**445,562**	449,356	(3,794)
Construction in progress	12	**26,622**	40,158	(13,536)
Other	13	**66**	2,778	(2,712)
Total tangible fixed assets	14	**830,501**	824,247	6,254
Intangible fixed assets	15	**24,792**	23,367	1,425
Investments and other fixed assets				
Investment securities	16	**87,641**	58,423	29,218
Long-term loans receivable	17	**6,265**	8,017	(1,752)
Deferred taxes	18	**51,296**	73,747	(22,451)
Other	19	**20,311**	24,283	(3,972)
Allowance for doubtful receivables	20	**(7,163)**	(10,820)	3,657
Investment valuation allowance	21	**(629)**	(1,014)	385
Total investments and other fixed assets	22	**157,721**	152,636	5,085
Total fixed assets	23	**1,013,014**	1,000,250	12,764
Total Assets	24	**1,788,659**	1,767,846	20,813

	As of	FY2005 March 31, 2006	FY2004 March 31, 2005	Increase/ (Decrease)
		(in millions of yen)		
LIABILITIES				
Current Liabilities:				
Trade notes and accounts payable	1	**307,217**	290,476	16,741
Short-term loans payable	2	**82,134**	100,555	(18,421)
Long-term loans payable due within one year	3	**62,373**	82,847	(20,474)
Bonds due within one year	4	**200**	30,400	(30,200)
Other accounts payable	5	**104,668**	110,155	(5,487)
Accrued expenses	6	**187,096**	185,568	1,528
Reserve for warranty expenses	7	**29,088**	24,150	4,938
Other	8	**64,087**	53,077	11,010
Total current liabilities	9	**836,863**	877,228	(40,365)
Fixed Liabilities				
Bonds	10	**65,200**	40,400	24,800
Bonds with stock acquisition rights	11	**3,437**	59,567	(56,130)
Long-term loans payable	12	**242,065**	214,376	27,689
Deferred tax liability related to land revaluation	13	**93,713**	91,132	2,581
Employees' and executive officers' severance and retirement benefits	14	**125,004**	195,892	(70,888)
Directors' and corporate auditors retirement benefits	15	**1,590**	1,500	90
Other	16	**13,579**	11,910	1,669
Total fixed liabilities	17	**544,588**	614,777	(70,189)
Total Liabilities	18	**1,381,451**	1,492,005	(110,554)
Minority Interests in Consolidated Subsidiaries	19	**9,184**	8,026	1,158
SHAREHOLDERS' EQUITY				
Common stock	20	**148,360**	120,295	28,065
Capital surplus	21	**132,385**	104,435	27,950
Retained earnings/(deficit)	22	**24,005**	(34,581)	58,586
Land revaluation	23	**135,372**	130,895	4,477
Net unrealized gain/(loss) on available-for-sale securities	24	**1,285**	422	863
Foreign currency translation adjustments	25	**(41,072)**	(51,454)	10,382
Treasury stock	26	**(2,311)**	(2,197)	(114)
Total shareholders' equity	27	**398,024**	267,815	130,209
Total Liabilities, Minority Interests and Shareholders' Equity	28	**1,788,659**	1,767,846	20,813

(3) Consolidated Statement of Capital Surplus and Retained Earnings

For the Years Ended March 31, 2006 and 2005

		(in millions of yen)	
		FY2005	FY2004
	For the years ended	**March 31, 2006**	March 31, 2005
CAPITAL SURPLUS			
Balance at the beginning of the period	1	**104,435**	104,217
Increases due to:			
Issuance of new shares for the exercise of bonds with stock acquition rights	2	**28,065**	216
Treasury stock transactions	3	**-**	2
Decreases due to:			
Treasury stock transactions	4	**115**	-
Balance at the end of the period	5	**132,385**	104,435
RETAINED EARNINGS			
Balance at the beginning of the period	6	**(34,581)**	(78,220)
Increases due to:			
Net income	7	**66,711**	45,772
Land revaluation	8	**-**	331
Decreases due to:			
Dividends	9	**3,648**	2,434
Land revaluation	10	**4,477**	-
Exclusion of consolidated subsidiaries and companies accounted for by the equity method	11	**-**	30
Balance at the end of the period	12	**24,005**	(34,581)

(4) Consolidated Statement of Cash Flows

For the Years Ended March 31, 2006 and 2005

(in millions of yen)

	For the years ended	**FY2005** **March 31, 2006**	FY2004 March 31, 2005
Cash flows from operating activities			
Income/(loss) before income taxes	1	**117,468**	73,847
Adjustments to reconcile income/(loss) before income taxes to net cash provided by operating activities:			
Depreciation and amortization	2	**45,805**	40,036
Loss on impairment of fixed assets	3	**36,650**	-
Allowance for doubtful receivables	4	**(206)**	1,462
Investment valuation allowance	5	**(115)**	371
Reserve for warranty expenses	6	**4,734**	1,539
Employees' and executive officers' severance and retirement benefits	7	**(71,087)**	(2,361)
Interest and dividend income	8	**(2,359)**	(2,416)
Interest expense	9	**11,662**	13,786
Equity in net income of unconsolidated subsidiaries and affiliates	10	**(8,976)**	(9,963)
Loss/(gain) on sale of fixed assets	11	**5,961**	8,714
Loss/(gain) on sale of investment securities	12	**(1,407)**	425
Insurance proceeds	13	**(996)**	(27,942)
Decrease/(increase) in trade notes and accounts receivable	14	**(17,577)**	6,212
Decrease/(increase) in inventories	15	**10,332**	23,246
Increase/(decrease) in trade notes and accounts payable	16	**10,974**	(275)
Increase/(decrease) in other current liabilities	17	**(15,989)**	14,079
Other	18	**(243)**	3,170
Subtotal	19	**124,631**	143,930
Interest and dividends received	20	**2,838**	2,710
Interest paid	21	**(11,292)**	(13,912)
Insurance proceeds received	22	**15,554**	13,383
Income taxes paid	23	**(17,133)**	(12,376)
Net cash provided by operating activities	24	**114,598**	133,735
Cash flows from investing activities			
Purchase of investment securities	25	**(8,875)**	(5,611)
Sale of investment securities	26	**2,823**	95
Purchase of investments in subsidiaries affecting scope of consolidation	27	**31**	-
Sale of investments in subsidiaries affecting scope of consolidation	28	**-**	(595)
Acquisition of tangible fixed assets	29	**(75,548)**	(93,481)
Proceeds from sale of tangible fixed assets	30	**3,949**	5,052
Decrease/(increase) in short-term loans receivable	31	**228**	874
Long-term loans receivable made	32	**(110)**	(204)
Collections of long-term loans receivable	33	**162**	3,490
Other	34	**(3,647)**	(7,455)
Net cash used in investing activities	35	**(80,987)**	(97,835)
Cash flows from financing activities			
Increase/(decrease) in short-term loans payable	36	**(8,845)**	(56,746)
Proceeds from long-term loans payable	37	**67,102**	106,542
Repayment of long-term loans payable	38	**(89,102)**	(77,983)
Proceeds from issuance of bonds	39	**25,000**	600
Redemption of bonds	40	**(30,400)**	(67,600)
Cash dividends paid	41	**(3,648)**	(2,434)
Other	42	**(3,559)**	1,497
Net cash used in financing activities	43	**(43,452)**	(96,124)
Effects of exchange rate fluctuations on cash and cash equivalents	44	**3,860**	2,632
Net increase/(decrease) in cash and cash equivalents	45	**(5,981)**	(57,592)
Cash and cash equivalents at beginning of the period	46	**214,639**	272,231
Cash and cash equivalents at end of the period	47	**208,658**	214,639

Notes to Consolidated Financial Statements

1. Consolidation Scope and Application of Equity Method

1) Consolidated Subsidiaries	58	
Overseas	21	Mazda Motor of America, Inc., Mazda Motors (Deutchland) GmbH and 19 others
Domestic	37	19 dealers and 18 others
2) Equity Method-Applied Companies	14	
Overseas	5	AutoAlliance International, Inc., and AutoAlliance (Thailand) Co., Ltd. and 3 others
Domestic	9	1 dealer, 3 automotive parts sales companies and 5 others

2. Changes in Consolidation Scope and Application of Equity Method

1) Consolidated Subsidiaries

Newly added:	5	
Overseas	4	Mazda Motor de Mexico, S. de R.L. de C.V. (established), Mazda Servicios de Mexico, S. de R.L. de C.V. (established), Mazda Motor Rus, OOO (established) and P.T. Mazda Motor Indonesia (established)
Domestic	1	Okinawa Mazda Hanbai Co., Ltd. (reclassified from equity method)

2) Equity Method-Applied Companies

Newly added:	3	
Overseas	2	Changan Ford Mazda Automobile Co., Ltd. (common shares acquired) and Changan Ford Mazda Engine Co., Ltd. (established)
Domestic	1	MCM Energy Service Company (established)
Excluded:	1	
Domestic	1	Okinawa Mazda Hanbai Co., Ltd. (Reclassified to consolidated)

3. Accounting Periods of Consolidated Subsidiaries

The consolidated year-end balance sheet date is March 31. Among the consolidated subsidiaries, 7 companies, Compania Colombiana Automotriz S.A., Mazda Motors of New Zealand Limited, Mazda Sales (Thailand) Co., Ltd., Mazda Motor (Shanghai) Business Management & Consulting Co., Ltd., Mazda Motor de Mexico, S. de R.L. de C.V., Mazda Servicios de Mexico, S. de R.L. de C.V. and P.T. Mazda Motor Indonesia, have a year-end balance sheet date different from the consolidated year-end balance sheet date, all of which are December 31.

In preparing the consolidated financial statements, for 5 of the 7 companies, Compania Colombiana Automotriz S.A., Mazda Motors of New Zealand Limited, Mazda Sales (Thailand) Co., Ltd., Mazda Motor (Shanghai) Business Management & Consulting Co., Ltd. and P.T. Mazda Motor Indonesia, the financial statements of these companies with the December 31 year-end balance sheet date are used; however, adjustments necessary in consolidation are made for material transactions that occurred between the balance sheet date of these subsidiaries and the consolidated balance sheet date. On the other hand, for the other 2 companies, Mazda Motor de Mexico, S. de R.L. de C.V. and Mazda Servicios de Mexico, S. de R.L. de C.V., special purpose financial statements prepared for consolidation as of the consolidated balance sheet date are used to supplement the companies' statutory financial statements.

4. Accounting Policies

1) Valuation Standards and Methods of Significant Assets

a) Securities

Available-for-sale securities

With available fair value:	Recorded at fair value estimated based on quoted market prices on the balance sheet date, with unrealized gains and losses excluded from income and reported in a separate component of shareholders' equity net of tax. The bases of cost are on a historical cost basis based on a moving average method.
Without available fair value:	Recorded at cost on a historical cost basis mainly on a moving average method.

b) Derivative instruments	Mainly fair value method.
c) Inventories	Mainly a historical cost basis based on an average method.

2) Depreciation and Amortization Methods of Significant Fixed Assets

a) Tangible Fixed Assets

Mainly straight-line method. Useful lives and residual values are estimated by a method equivalent to the provisions of the Japanese income tax law.

b) Intangible Fixed Assets

Straight-line method with periods of useful life estimated by a method equivalent to the provisions of the Japanese income tax law. Software for internal use is amortized on a straight-line basis over the period of internal use, i.e., 5 years.

3) Standards for Recognition of Reserves

a) Reserve for warranty expenses

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

b) 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 fiscal 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 the 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 (mainly 12 years). The recognition of actuarial differences is also deferred on the 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 (mainly 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 the eligible executive officers retired at the balance sheet date.

(Additional Information)

In connection with the enactment of the Defined Benefit Corporate Pension Law, as of July 31, 2005, the Mazda Social Welfare Pension Fund, which Mazda Motor Corporation (the "Company") and certain consolidated domestic subsidiaries are members of, obtained approval from the Minister of Health, Labor and Welfare for separation of the retirement benefit obligation of the substitutional portion which relates to past employee services and for transfer of the retirement benefit obligation of the substitutional portion and the related plan assets to the government. On March 28, 2006, the transfer of the plan assets attributable to the substitutional portion to the government was completed.

The effect of the transfer on the consolidated statement of income for the year ended March 31, 2006 was to increase extraordinary profits by 59,611 million yen.

c) 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.

d) 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.

e) 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.

4) Accounting policies of foreign consolidated subsidiaries

Among the foreign consolidated subsidiaries, Compania Colombiana Automotriz S.A. prepares its financial statements based on the accounting principles generally accepted in Colombia to reflect adjustments for the country's inflationary economy and changing prices.

5) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate on the fiscal year end; gains and losses in foreign currency translation are included in the income of the current period. Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the rates on the fiscal year ends of the subsidiaries' accounting periods except for shareholders' equity accounts, which are translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated at average rates of the subsidiaries' fiscal years, with the translation differences prorated and included in the shareholders' equity as foreign currency translation adjustments and minority interests.

6) Accounting for Leases

Lease transactions other than those finance leases with an unconditional title transfer clause are accounted for by the method equivalent to rental transactions.

7) Accounting for Hedging Activities

Full-deferral hedge accounting is applied. Also, for certain interest swap contracts that are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

8) Other significant accounting policies in the preparation of the consolidated financial statements

Accounting for Consumption Taxes: Tax-excluding method.

5．Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries are valued at fair value at the time of acquisition and are carried at fair value.

6. Amortization of Goodwill

Goodwill is amortized on a straight-line basis over a period (primarily 5 years) during which each investment is expected to generate benefits.

7. Appropriation of Retained Earnings

The appropriation of retained earnings by a consolidated subsidiary is reflected in the consolidated statement of capital surplus and retained earnings when such appropriation is made by resolution of the shareholders of the subsidiary.

8. Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, bank deposits that can be readily withdrawn, and short-term, highly liquid investments with maturities of three months or less at the time of acquisition that present insignificant risk of changes in value.

Adoption of New Accounting Standards

Accounting Standard for the Impairment of Fixed Assets

Commencing in the year ended March 31, 2006, the Company, its consolidated domestic subsidiaries and its equity method-applied domestic affiliates adopted the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003).

The effect of adopting the new accounting standard on the consolidated statement of income for the year ended March 31, 2006 was to decrease income before income taxes by 21,891 million yen.

Also, the impaired fixed assets are presented in the consolidated balance sheet net of accumulated impairment in accordance with the revised standard for preparation of consolidated financial statements.

Footnotes

As of / For the years ended	FY2005 March 31, 2006	FY2004 March 31, 2005
	(in millions of yen)	

Consolidated Balance Sheet

	FY2005	FY2004
1. Accumulated depreciation on tangible fixed assets	**1,040,875**	1,051,002

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

   Timing of revaluation: As of March 31, 2001

   Method of revaluation:

   The fair value of land is determined based on official notice prices that are assessed and published by the Commissioner of the National Tax Administration, 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). Reasonable adjustments, including those for the timing of assessment, are made to the official notice prices.

   The amount of difference between the aggregate fair value of the revalued land as of the end of this period and that at the time of revaluation as stipulated in Article 10 of the Land Revaluation Law is:

   83,721 million yen

	FY2005	FY2004
3. Assets offered as collateral and collateralized loans		
Assets offered as collateral	**476,513**	464,396
Collateralized loans	**107,884**	164,893
4. Contingent liabilities for guarantee and similar agreements	**34,086**	46,407
5. Notes and other receivables discounted		
Discounted notes receivable	**63**	826
Factoring of receivables with recourse	**23,391**	8,567

Consolidated Statement of Income

	FY2005	FY2004
1. The aggregate amounts of research and development expense	**95,730**	90,841

2. Loss on impairment of fixed assets for the year ended March 31, 2006

   1) Asset groups for which an impairment loss was recognized

Usage	Location	Type	(in millions of yen)
-Idle assets: (distribution centers, etc.)	Higashi Nada-ku, Kobe-city and other locations	Buildings and structures	2,687
		Machinery and vehicles	665
		Tools, furniture and fixtures	7
		Land	4,089
		Other	96
		Sub-total	7,544
-Idle assets: (production equipment, etc.)	Aki-gun, Hiroshima-prefecture and other locations	Machinery and vehicles	3,321
		Tools, furniture and fixtures	11,026
		Sub-total	14,347
-Assets held for use in production (production equip.)	The United States	Tools, furniture and fixtures	14,759
		Total	36,650

   2) Grouping of assets

   As a general rule, assets were grouped by company. However, idle assets and assets for rent were individually grouped by item.

3) Recognition of an Impairment Loss

For the idle assets without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable. The reduction in the carrying amount was recognized as an impairment loss. The impairment loss of 11,026 million yen on tools, furniture and fixtures under the production equipment category included long-lived tooling for the production of parts to be sold individually.

4) Estimation of an Amount Recoverable

The recoverable amount of an idle asset was estimated based on the net amount that the asset could be sold (net selling amount). For land, the net selling amount was estimated based on a third-party appraisal. For other idle assets, the net selling amount is nominal.

5) Impairment Loss Recognized by an American Consolidated Subsidiary

Loss on impairment of assets held for use in production was recognized by the consolidated subsidiary in the United States in accordance with the United States generally accepted accounting principles.

3. Prior year income taxes

Prior year income taxes are primarily for the taxes reassessed on transactions between the Company and its overseas subsidiary.

(Additional Information)

The Company has been subject to a tax audit by the Hiroshima Regional Taxation Bureau. The Company expects that the tax audit is likely to conclude in the near future. As a result of the tax audit, the Company had conclusive reassessment and recognized expected tax payment with respect to the transactions between the Company and its overseas subsidiary as prior year income taxes in the consolidated statement of income for the year ended March 31, 2006. The Company plans to formally request for bilateral consultations between the two countries as transfer pricing matter to obtain relief from double taxation under the applicable tax treaties.

(in millions of yen)

	FY2005	FY2004
As of / For the years ended	**March 31, 2006**	March 31, 2005
Consolidated Statement of Cash Flows		
Reconciliation of cash and time deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows		
Cash and time deposits	**208,765**	218,959
Time deposits with original maturities of 3 months or longer	**(107)**	(4,320)
Short-term investments in securities with an original maturity of 3 months or less	**-**	-
Cash and cash equivalents	**208,658**	214,639
Significant non-cash transactions:		
Exercise of bonds with stock acquisition rights		
Increases in common stock	**28,065**	217
Increases in capital surplus	**28,065**	216
Decreases in bonds with stock acquisition rights	**56,130**	433

Assets and liabilities related to capital lease transactions that were newly recognized in the year ended March 31, 2006 amounted to 18,262 million yen each.

Of the insurance proceeds received that were included in the net cash provided by operating activities for the year ended March 31, 2006, the amount of 15,180 million yen was for the fire incident at Ujina No. 1 Plant that occurred on December 15, 2004.

Fair Value Information of Securities

FY2005 (As of March 31, 2006)

1. Held-to-maturity debt securities that have a market value

None.

2. Available-for-sale securities that have a market value

(in millions of yen)

Securities with ending balances that exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	**559**	**2,680**	**2,121**
b) Bonds			
Corporate bonds	-	-	-
Others	-	-	-
c) Others	-	-	-
Sub-total	**559**	**2,680**	**2,121**
Securities with ending balances that do not exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	**4**	**4**	-
b) Bonds			
Corporate bonds	-	-	-
Others	-	-	-
c) Others	**277**	**277**	-
Sub-total	**281**	**281**	-
Total	**840**	**2,961**	**2,121**

3. Available-for-sale securities that have been sold during this fiscal year

(in millions of yen)

Amount sold	Gain	Loss
6	**3**	**2**

4. Securities that are not valued at fair value

(in millions of yen)

	Balance sheet amount
a) Held-to-maturity debt securities	-
b) Available-for-sale securities	
Unlisted stocks	**19,801**

5. Redemption schedule (after the balance sheet date) of available-for-sale securities that have a maturity

(in millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Debt securities				
Corporate bonds	-	-	-	-
Others	**4**	**82**	-	-
Total	**4**	**82**	-	-

Fair Value Information of Securities

FY2004 (As of March 31, 2005)

1. Held-to-maturity debt securities that have a market value

None.

2. Available-for-sale securities that have a market value

(in millions of yen)

Securities with ending balances that exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	524	1,492	968
b) Bonds			
Corporate bonds	-	-	-
Others	-	-	-
c) Others	-	-	-
Sub-total	524	1,492	968
Securities with ending balances that do not exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	25	21	(4)
b) Bonds			
Corporate bonds	-	-	-
Others	11	11	-
c) Others	175	175	-
Sub-total	211	207	(4)
Total	735	1,699	964

3. Available-for-sale securities that have been sold during this fiscal year

(in millions of yen)

Amount sold	Gain	Loss
18	2	3

4. Securities that are not valued at fair value

(in millions of yen)

	Balance sheet amount
a) Held-to-maturity debt securities	-
b) Available-for-sale securities	
Unlisted stocks	9,369

5. Redemption schedule (after the balance sheet date) of available-for-sale securities that have a maturity

(in millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Debt securities				
Corporate bonds	-	-	-	-
Others	15	60	-	-
Total	15	60	-	-

Segment Information

1. Information by Industry Segment

Mazda Motor Corporation and its consolidated subsidiaries are primarily engaged in the manufacture and sale of passenger and commercial vehicles. Net sales, operating income (loss) and assets related to this industry have exceeded 90% of the respective consolidated amounts. Accordingly, information by industry segment is not shown.

2. Information by Geographic Areas

(in millions of yen)

FY2005 (Year ended March 31, 2006)	Japan	North America	Europe	Other areas	Total	Elimination or corporate	Consolidated
Net sales:							
Outside Customers	**1,213,283**	**823,447**	**655,370**	**227,723**	**2,919,823**	**-**	**2,919,823**
Inter-area	**1,056,948**	**7,397**	**18,275**	**1,106**	**1,083,726**	**(1,083,726)**	**-**
Total	**2,270,231**	**830,844**	**673,645**	**228,829**	**4,003,549**	**(1,083,726)**	**2,919,823**
Costs and expenses	**2,169,998**	**816,941**	**664,074**	**220,237**	**3,871,250**	**(1,074,862)**	**2,796,388**
Operating income (loss)	**100,233**	**13,903**	**9,571**	**8,592**	**132,299**	**(8,864)**	**123,435**
Total identifiable assets	**1,556,200**	**202,238**	**143,626**	**48,148**	**1,950,212**	**(161,553)**	**1,788,659**

(in millions of yen)

FY2004 (Year ended March 31, 2005)	Japan	North America	Europe	Other areas	Total	Elimination or corporate	Consolidated
Net sales:							
Outside Customers	1,136,102	751,506	625,277	182,679	2,695,564	-	2,695,564
Inter-area	948,084	12,829	13,749	92	974,754	(974,754)	-
Total	2,084,186	764,335	639,026	182,771	3,670,318	(974,754)	2,695,564
Costs and expenses	2,025,413	755,547	630,413	177,090	3,588,463	(975,846)	2,612,617
Operating income (loss)	58,773	8,788	8,613	5,681	81,855	1,092	82,947
Total identifiable assets	1,522,641	192,154	121,421	41,283	1,877,499	(109,653)	1,767,846

Notes:

Method of segmentation and principal countries or regions belonging to each segment

a) Method: Segmentation by geographic adjacency

b) Principal countries or regions belonging to each segment

North America: U.S.A. and Canada

Europe: Germany, Belgium and U.K.

Other areas: Australia and Colombia

3. Overseas Sales

FY2005	(in millions of yen)			
(Year ended March 31, 2006)	North America	Europe	Other areas	Total
Overseas sales	**843,988**	**668,941**	**519,232**	**2,032,161**
Consolidated sales	**-**	**-**	**-**	**2,919,823**
Percentage of overseas sales to	%	%	%	%
consolidated sales	**28.9**	**22.9**	**17.8**	**69.6**

FY2004	(in millions of yen)			
(Year ended March 31, 2005)	North America	Europe	Other areas	Total
Overseas sales	761,684	634,233	454,027	1,849,944
Consolidated sales	-	-	-	2,695,564
Percentage of overseas sales to	%	%	%	%
consolidated sales	28.3	23.5	16.8	68.6

Notes:

1) Overseas sales include exports by Mazda Motor Corporation and its domestic consolidated subsidiaries as well as sales (other than exports to Japan) by overseas consolidated subsidiaries.

2) Method of segmentation and principal countries or regions belonging to each segment
   a) Method: Segmentation by geographic adjacency
   b) Principal countries or regions belonging to each segment

North America:	U.S.A. and Canada
Europe:	Germany and U.K.
Other areas:	Australia, Thailand and China

The following disclosures have been either omitted or will be disclosed on a later date.

1) The following disclosures have been omitted as allowed for companies disclosing financial information through EDINET:
   - Lease transactions
   - Derivatives

2) The following disclosures will be made as soon as information becomes available:
   - Retirement benefits
   - Income taxes
   - Related party transactions

5. Production and Sales Information

1. Production Volume

Type	**FY2005 (April 2005 to March 2006)**	FY2004 (April 2004 to March 2005)	Increase/ (Decrease)
	units	units	units
Passenger cars	**838,760**	759,779	78,981
Trucks	**65,460**	52,993	12,467
Vehicles Total	**904,220**	812,772	91,448

Note: Production volume figures do not include those Mazda-brand vehicles produced by the following joint venture assembly plants with Ford (that are accounted for by the equity method):

	FY2005	FY2004	Increase/ (Decrease)
AutoAlliance International, Inc.	**74,260** units	91,342 units	(17,082) units
AutoAlliance (Thailand) Co., Ltd.	**35,003** units	37,847 units	(2,844) units

2. Sales Volume and Revenue

Type	**FY2005 (April 2005 to March 2006)**		FY2004 (April 2004 to March 2005)		Increase/ (Decrease)	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
	units	million yen	units	million yen	units	million yen
Vehicles	**1,148,653**	**2,121,485**	1,104,074	1,972,643	44,579	148,842
Knockdown Parts (Overseas)	-	**123,812**	-	123,825	-	(13)
Parts	-	**227,671**	-	194,032	-	33,639
Others	-	**446,855**	-	405,064	-	41,791
Total	-	**2,919,823**	-	2,695,564	-	224,259

Sales Volume by Market

Type	**FY2005 (April 2005 to March 2006)**	FY2004 (April 2004 to March 2005)	Increase/ (Decrease)
	units	units	units
Japan	**290,012**	293,798	(3,786)
North America	**350,780**	335,804	14,976
Europe	**291,529**	282,955	8,574
Others	**216,332**	191,517	24,815
Overseas Total	**858,641**	810,276	48,365
Total	**1,148,653**	1,104,074	44,579

FY2005 Financial Summary (Consolidated)

April 28, 2006
Mazda Motor Corporation

(in 100 millions of yen)
(in thousands of units)
(Upper left: Ratio on sales)

			FY2004 (Apr.04-Mar.05)		FY2005 (Apr.05-Mar.06)		FY2006 (Apr.06-Mar.07) Projection	
				%		%		%
	Domestic	1	8,456	(0.1)	8,877	5.0	9,200	3.6
	Overseas	2	18,500	7.0	20,321	9.8	21,800	7.3
Net sales		3	26,956	4.7	29,198	8.3	31,000	6.2
Operating income		4	3.1% 829	18.2	4.2% 1,234	48.8	4.4% 1,350	9.4
Ordinary income		5	2.7% 731	25.9	3.5% 1,015	38.9	4.2% 1,300	28.1
Income before taxes		6	2.7% 738	36.6	4.0% 1,175	59.1	3.9% 1,200	2.2
Net income		7	1.7% 458	35.0	2.3% 667	45.7	2.4% 750	12.4
Operating income/(loss) by geographic area	Japan	8	588		1,002			
	North America	9	88		139			
	Europe	10	86		96			
	Other	11	57		86			
Operating Profit Change								
Volume & Mix		12			220		340	
Exchange Rate		13			191		(155)	
Product Enrichment		14			(282)		(187)	
Cost Reduction		15			309		245	
Marketing Expense		16			(50)		-	
Other		17			17		(127)	
Total		18			405		116	
Average rate for the period		19	108 yen/US\$ 135 yen/EUR		113 yen/US\$ 138 yen/EUR		110 yen/US\$ 135 yen/EUR	
Transaction rate		20	108 yen/US\$ 134 yen/EUR		110 yen/US\$ 137 yen/EUR		110 yen/US\$ 136 yen/EUR	
Capital investment		21	679		721		820	
Depreciation and amortization		22	400		458		470	
R & D cost		23	908		957		1,070	
Total assets		24	17,678		17,887			
Net worth		25	2,678		3,980			
Financial debt		26	5,281		4,554			
Net financial debt		27	3,135		2,468			
Cash flow		28	359		336			
Performance of operations		29			Sales and profits increased in 5 consecutive years. Highest ever profits at all levels.		Sales and profits to increase in 6 consecutive years. Profits at all levels to become highest ever.	
	Domestic	30	294	0.8	290	(1.3)	297	2.4
	North America	31	336	2.7	351	4.5	389	10.9
	Europe	32	283	9.8	292	3.0	300	2.9
	Other	33	191	(4.2)	216	13.0	224	3.5
	Overseas	34	810	3.3	859	6.0	913	6.3
Wholesales		35	1,104	2.6	1,149	4.0	1,210	5.3
Number of Employees (excluding dispatches)		36	35,680		36,626			

Note: For net sales and wholesales of FY2004 full year, in calculating the changes in percentage from the prior year, the results of the prior year have been reclassified to exclude the impacts of the change in fiscal year (15-month operating results) by major consolidated overseas subsidiaries.