

FY2006 First Quarter Consolidated Financial Results

For the Three Months Ended June 30, 2006



English Translation from the Original Japanese-Language Document

July 28, 2006

Company Name : **Mazda Motor Corporation** (Headquartered in Hiroshima, Japan/Tokyo Stock Exchange/Code No. 7261)
 URL : <http://www.mazda.co.jp>
 Representative : Hisakazu Imaki, Representative Director, President and CEO
 Contact Person : Tetsuya Fujimoto, General Manager, Accounting Department, Phone (082) 282-1111

1. Accounting Principles and Practices Used in the Preparation of the Interim Financial Results

- (1) Adoption of Simplified Accounting Practices : None
 (2) Changes in Accounting Practices from Previous Fiscal Year : None
 (3) Changes in Consolidation Scope : Yes
 Consolidation: (Addition) 1 company / (Exclusion) None Equity method: (Addition) None / (Exclusion) None

2. Consolidated Financial Highlights (April 1, 2006 through June 30, 2006)

(1) Consolidated Financial Results

(In Japanese yen rounded to millions)

	Net Sales		Operating Income		Ordinary Income	
	million yen	%	million yen	%	million yen	%
FY2006 1st. Qtr.	734,303	9.5	29,609	29.7	24,040	12.1
FY2005 1st. Qtr.	670,775	4.4	22,821	14.2	21,441	33.1
FY2005 Full Year	2,919,823		123,435		101,470	

	Net Income		Net Income Per Share	Net Income Per Share Diluted
	million yen	%	yen	yen
FY2006 1st. Qtr.	6,614	-	4.72	4.68
FY2005 1st. Qtr.	419	(96.4)	0.34	0.30
FY2005 Full Year	66,711		51.53	47.25

Notes:

- 1) Average number of shares outstanding (consolidated): **FY2006 1st Qtr 1,400,726,114** shares and FY2005 1st Qtr 1,218,295,884 shares
 2) The changes from the previous period are shown in percentage.

Qualitative Discussions on the FY 2006 First Quarter Financial Results

Sales revenue for the three months ended June 30, 2006 increased 9.5% or 63.5 billion yen to 734.3 billion yen compared to the same period of the last year. This increased sales revenue reflected improved product mix, partially offset by a decrease in wholesales.

Operating income was up 29.7% or 6.8 billion yen to 29.6 billion yen from a year ago. Improved product mix due to the introduction of new models and favorable exchange rates were the primary factors for the improved performance. Ordinary income increased 12.1% or 2.6 billion yen to 24.0 billion yen, and net income was up 6.2 billion yen to 6.6 billion yen.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity (*1)	Equity Ratio	Equity per Share (*1)
	million yen	million yen	%	yen
FY2006 1st. Qtr.	1,769,501	406,633	22.4	290.17
FY2005 1st. Qtr.	1,742,309	268,937	15.4	219.61
FY2005 Full Year	1,788,659	398,024	22.3	284.28

Notes:

- 1) For FY2006 1st. Quarter, shareholders' equity and equity per share include minority interests.
 2) Number of shares outstanding at period end (consolidated): **FY2006 1st Qtr 1,401,359,581** shares and FY2005 1st Qtr 1,224,639,025 shares

(Reference)

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

The forecast for the year ending March 31, 2007 remains unchanged from the prior forecast that was released on April 28, 2006.

	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

Cautionary Statement with Respect to Forward-Looking Statements

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.

Consolidated Financial Statements

(1) Consolidated Statement of Income

Three months ended June 30, 2006

With comparative figures for the three months ended June 30, 2005 and the fiscal year ended March 31, 2006

		Millions of yen			
For the periods ended		FY2006 3 Months June 30, 2006	FY2005 3 Months June 30, 2005	Increase/ (Decrease)	FY2005 Full Year March 31, 2006
Net sales	1	734,303	670,775	63,528	2,919,823
Costs of sales	2	529,611	491,724	37,887	2,110,934
Gross profit on sales	3	204,692	179,051	25,641	808,889
Selling, general and administrative expenses	4	175,083	156,230	18,853	685,454
Operating income	5	29,609	22,821	6,788	123,435
Non-operating income					
Interest and dividend income	6	538	652	(114)	2,359
Equity in net income of unconsolidated subsidiaries and affiliates	7	1,957	2,813	(856)	8,976
Other	8	1,255	2,168	(913)	6,584
Total	9	3,750	5,633	(1,883)	17,919
Non-operating expenses					
Interest expense	10	3,381	2,386	995	11,662
Foreign exchange loss	11	3,485	2,725	760	19,088
Other	12	2,453	1,902	551	9,134
Total	13	9,319	7,013	2,306	39,884
Ordinary income	14	24,040	21,441	2,599	101,470
Extraordinary profits					
Profit on sale of fixed assets	15	61	30	31	309
Profit on sale of investment securities	16	-	-	-	1,409
Compensation received for the exercise of eminent domain	17	-	-	-	472
Insurance claim income	18	-	892	(892)	996
Gain on the transfer to the government of the substitutional portion of employee pension fund liabilities	19	-	-	-	59,611
Other	20	-	227	(227)	237
Total	21	61	1,149	(1,088)	63,034
Extraordinary losses					
Loss on retirement and sale of fixed assets	22	1,157	962	195	6,742
Loss on impairment of fixed assets	23	70	21,181	(21,111)	36,650
Loss on sale of investment securities	24	-	-	-	2
Other	25	-	-	-	3,642
Total	26	1,227	22,143	(20,916)	47,036
Income before income taxes	27	22,874	447	22,427	117,468
Income taxes					
Current	28	10,136	8,240	1,896	26,439
Prior year	29	-	-	-	10,201
Deferred	30	5,403	(9,015)	14,418	12,454
Minority interests of consolidated subsidiaries	31	721	803	(82)	1,663
Net income	32	6,614	419	6,195	66,711

(2) Consolidated Balance Sheet**June 30, 2006****With comparative figures for March 31, 2006 and June 30, 2005**

	As of	Millions of yer			
		FY2006 1st. Quarter June 30, 2006	FY2005 March 31, 2006	Increase/ (Decrease)	FY2005 1st. Quarter June 30, 2005
ASSETS					
Current Assets:					
Cash and time deposits	1	177,624	208,765	(31,141)	196,796
Trade notes and accounts receivable	2	162,581	164,220	(1,639)	142,800
Inventories	3	276,361	256,652	19,709	249,073
Deferred taxes	4	90,870	94,685	(3,815)	83,416
Other	5	50,220	58,062	(7,842)	72,852
Allowance for doubtful receivables	6	(3,640)	(6,739)	3,099	(8,039)
Total current assets	7	754,016	775,645	(21,629)	736,898
Fixed Assets:					
Tangible fixed assets:					
Buildings and structures	8	145,756	146,967	(1,211)	145,835
Machinery and vehicles	9	182,016	183,280	(1,264)	167,492
Land	10	445,539	445,562	(23)	445,597
Construction in progress	11	29,358	26,622	2,736	33,960
Other	12	26,448	28,070	(1,622)	26,239
Total tangible fixed assets	13	829,117	830,501	(1,384)	819,123
Intangible fixed assets:	14	25,081	24,792	289	23,206
Investments and other fixed assets:					
Investment securities	15	92,377	87,641	4,736	62,603
Long-term loans receivable	16	6,221	6,265	(44)	8,053
Deferred taxes	17	51,057	51,296	(239)	79,350
Other	18	19,418	20,311	(893)	24,461
Allowance for doubtful receivables	19	(7,157)	(7,163)	6	(10,430)
Investment valuation allowance	20	(629)	(629)	-	(955)
Total investments and other fixed assets	21	161,287	157,721	3,566	163,082
Total fixed assets	22	1,015,485	1,013,014	2,471	1,005,411
Total Assets	23	1,769,501	1,788,659	(19,158)	1,742,309

		Millions of yen			
		FY2006	FY2005	Increase/ (Decrease)	FY2005
		1st. Quarter			1st. Quarter
As of	June 30, 2006	March 31, 2006			June 30, 2005
LIABILITIES					
Current Liabilities:					
Trade notes and accounts payable	1	282,938	307,217	(24,279)	268,202
Short-term loans payable	2	95,717	82,134	13,583	121,292
Long-term loans payable due within one year	3	60,176	62,373	(2,197)	81,712
Bonds due within one year	4	20,000	200	19,800	200
Other accounts payable	5	89,588	104,668	(15,080)	85,194
Accrued expenses	6	197,674	187,096	10,578	182,728
Reserve for warranty expenses	7	31,373	29,088	2,285	25,058
Other	8	66,567	64,087	2,480	60,885
Total current liabilities	9	844,033	836,863	7,170	825,271
Fixed Liabilities:					
Bonds	10	45,200	65,200	(20,000)	40,400
Bonds with stock acquisition rights	11	3,153	3,437	(284)	56,957
Long-term loans payable	12	239,579	242,065	(2,486)	241,174
Deferred tax liability related to land revaluation	13	93,713	93,713	-	91,132
Employees' and executive officers' severance and retirement benefits	14	122,513	125,004	(2,491)	196,017
Directors' and corporate auditors' retirement benefits	15	1,347	1,590	(243)	1,498
Other	16	13,330	13,579	(249)	12,214
Total fixed liabilities	17	518,835	544,588	(25,753)	639,392
Total Liabilities	18	1,362,868	1,381,451	(18,583)	1,464,663
Minority Interests in Consolidated Subsidiaries	19	-	9,184	-	8,709
SHAREHOLDERS' EQUITY					
Common stock	20	-	148,360	-	121,600
Capital surplus	21	-	132,385	-	105,740
Retained earnings/(deficit)	22	-	24,005	-	(37,811)
Land revaluation	23	-	135,372	-	130,895
Net unrealized gain/(loss) on available-for-sale securities	24	-	1,285	-	475
Foreign currency translation adjustments	25	-	(41,072)	-	(49,757)
Treasury stock	26	-	(2,311)	-	(2,205)
Total Shareholders' equity	27	-	398,024	-	268,937
Total Liabilities, Minority Interests and Shareholders' Equity	28	-	1,788,659	-	1,742,309
SHAREHOLDERS' EQUITY					
Paid-In Capital and Retained Earnings:					
Common stock	29	148,502	-	-	-
Capital surplus	30	132,509	-	-	-
Retained earnings/(deficit)	31	23,619	-	-	-
Treasury stock	32	(2,209)	-	-	-
Total paid-in capital and retained earnings	33	302,421	-	-	-
Valuation and Translation Adjustments:					
Net unrealized gain/(loss) on available-for-sale securities	34	1,159	-	-	-
Net gain/(loss) on derivative instruments	35	(2,000)	-	-	-
Land revaluation	36	135,372	-	-	-
Foreign currency translation adjustments	37	(39,715)	-	-	-
Total valuation and translation adjustments	38	94,816	-	-	-
Minority Interests in Consolidated Subsidiaries	39	9,396	-	-	-
Total Shareholders' Equity	40	406,633	-	-	-
Total Liabilities and Shareholders' Equity	41	1,769,501	-	-	-

Segment Information

1) Information by Industry Segment

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

2) Information by Geographic Area

FY2006 Three Months Ended June 30, 2006	Millions of yen						Consolidated
	Japan	North America	Europe	Other areas	Total	Elimination or corporate	
Net sales:							
Outside Customers	297,711	227,386	160,252	48,954	734,303	-	734,303
Inter-areas	297,919	1,416	5,669	348	305,352	(305,352)	-
Total	595,630	228,802	165,921	49,302	1,039,655	(305,352)	734,303
Operating expenses	572,909	227,381	161,050	47,902	1,009,242	(304,548)	704,694
Operating income (loss)	22,721	1,421	4,871	1,400	30,413	(804)	29,609

FY2005 Three Months Ended June 30, 2005	Millions of yen						Consolidated
	Japan	North America	Europe	Other areas	Total	Elimination or corporate	
Net sales:							
Outside Customers	286,415	184,609	146,627	53,124	670,775	-	670,775
Inter-areas	228,444	2,286	4,545	-	235,275	(235,275)	-
Total	514,859	186,895	151,172	53,124	906,050	(235,275)	670,775
Operating expenses	501,278	183,364	146,924	50,798	882,364	(234,410)	647,954
Operating income (loss)	13,581	3,531	4,248	2,326	23,686	(865)	22,821

FY2005 Full Year Ended March 31, 2006	Millions of yen						Consolidated
	Japan	North America	Europe	Other areas	Total	Elimination or corporate	
Net sales:							
Outside Customers	1,213,283	823,447	655,370	227,723	2,919,823	-	2,919,823
Inter-areas	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
Operating 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

Notes:

1. Net sales, operating expenses, and operating income for each area in the segment information by geographic area reflect those by Mazda and/or its consolidated subsidiaries that are located in the area.
2. Method of segmentation and principal countries or regions belonging to each segment
 - 1) Method: Segmentation by geographic adjacency
 - 2) Principal countries or regions belonging to each segment
 - North America: U.S.A. and Canada
 - Europe: Germany, Belgium, and UK
 - Other areas: Australia and Colombia

3) Overseas Sales

FY2006 Three Months Ended June 30, 2006	Millions of yen			
	North America	Europe	Other areas	Total
Overseas sales	233,007	162,958	123,222	519,187
Consolidated sales	-	-	-	734,303
Percentage of overseas sales to consolidated sales	%	%	%	%
	31.7	22.2	16.8	70.7

FY2005 Three Months Ended June 30, 2005	Millions of yen			
	North America	Europe	Other areas	Total
Overseas sales	189,341	149,507	127,881	466,729
Consolidated sales	-	-	-	670,775
Percentage of overseas sales to consolidated sales	%	%	%	%
	28.2	22.3	19.1	69.6

FY2005 Full Year Ended March 31, 2006	Millions of yen			
	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

Notes:

1. Overseas sales include exports by the Company 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
 - 1) Method: Segmentation by geographic adjacency
 - 2) Principal countries or regions belonging to each segment

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

Production and Sales Information

1) Production Volume

	FY2006 Three Months Ended June 30, 2006	FY2005 Three Months Ended June 30, 2005	Increase/ (Decrease)	FY2005 Full Year Ended March 31, 2006
Passenger cars	units 213,871	units 192,425	units 21,446	units 838,760
Trucks	15,516	16,091	(575)	65,460
Vehicles Total	229,387	208,516	20,871	904,220

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):

	FY2006 Three Months	FY2005 Three Months	Increase/ (Decrease)	FY2005 Full Year
AutoAlliance International, Inc.	24,425 units	22,192 units	2,233 units	74,260 units
AutoAlliance (Thailand) Co., Ltd.	10,229	9,486	743	35,003

2) Sales Volume and Revenue

	FY2006 Three Months Ended June 30, 2006		FY2005 Three Months Ended June 30, 2005		Increase/ (Decrease)		FY2005 Full Year Ended March 31, 2006	
	Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue
Vehicles	units 271,605	million yen 528,590	units 278,166	million yen 483,054	units (6,561)	million yen 45,536	units 1,148,653	million yen 2,121,485
Knockdown Parts (Overseas)	-	31,767	-	29,496	-	2,271	-	123,812
Parts	-	58,901	-	52,675	-	6,226	-	227,671
Other	-	115,045	-	105,550	-	9,495	-	446,855
Total	-	734,303	-	670,775	-	63,528	-	2,919,823

<Wholesales by Market>

	FY2006 Three Months Ended June 30, 2006	FY2005 Three Months Ended June 30, 2005	Increase/ (Decrease)	FY2005 Full Year Ended March 31, 2006
Japan	units 64,973	units 69,130	units (4,157)	units 290,012
North America	95,536	87,657	7,879	350,780
Europe	62,112	67,360	(5,248)	291,529
Other	48,984	54,019	(5,035)	216,332
Overseas Total	206,632	209,036	(2,404)	858,641
Total	271,605	278,166	(6,561)	1,148,653

FY2006 Financial Summary (Consolidated)
For the Three Months Ended June 30, 2006

July 28, 2006
Mazda Motor Corporation

(in 100 millions of yen)

(in thousands of units)

(Upper left: Ratio on sales)

		FY2005 Three Months		FY2006 Three Months		FY2005 Full Year		FY2006 Full Year		
		Ended June 30, 2005		Ended June 30, 2006		Ended March 31, 2006		Ending March 31, 2007		
								Projection		
			%		%		%		%	
	Domestic	1	2,041	4.4	2,151	5.4	8,877	5.0	9,200	3.6
	Overseas	2	4,667	4.5	5,192	11.2	20,321	9.8	21,800	7.3
Net sales		3	6,708	4.4	7,343	9.5	29,198	8.3	31,000	6.2
Operating income		4	228	14.2	296	29.7	1,234	48.8	1,350	9.4
Ordinary income		5	214	33.1	240	12.1	1,015	38.9	1,300	28.1
Income before income taxes		6	4	(97.1)	229	-	1,175	59.1	1,200	2.2
Net income		7	4	(96.4)	66	-	667	45.7	750	12.4
Operating income by geographic area										
	Japan	8	136		227		1,002			
	North America	9	35		14		139			
	Europe	10	42		49		96			
	Other	11	23		14		86			
Operating Profit Change										
	Volume & Mix	12			79				340	
	Exchange Rate	13			87				(155)	
	Product Enrichment	14			(44)				(187)	
	Cost Reduction	15			(10)				245	
	Marketing Expense	16			(12)				-	
	Other	17			(32)				(127)	
	Total	18			68				116	
Average rate for the period		19	108 Yen/US\$		115 Yen/US\$		113 Yen/US\$		110 Yen/US\$	
			135 Yen/EUR		144 Yen/EUR		138 Yen/EUR		135 Yen/EUR	
Transaction rate		20	104 Yen/US\$		114 Yen/US\$		110 Yen/US\$		110 Yen/US\$	
			136 Yen/EUR		140 Yen/EUR		137 Yen/EUR		136 Yen/EUR	
Capital investment		21	245		109		721		820	
Depreciation and amortization		22	104		114		458		470	
R & D cost		23	225		239		957		1,070	
Total assets		24	17,423		17,695		17,887			
Shareholders' Equity (*1)		25	2,689		4,066		3,980			
Financial debt		26	5,417		4,638		4,554			
Net financial debt		27	3,492		2,863		2,468			
	Domestic	28	69	6.4	65	(6.0)	290	(1.3)	297	2.4
	North America	29	88	11.8	96	9.0	351	4.5	389	10.9
	Europe	30	67	(1.9)	62	(7.8)	292	3.0	300	2.9
	Other	31	54	17.1	49	(9.3)	216	13.0	224	3.5
	Overseas	32	209	8.2	207	(1.2)	859	6.0	913	6.3
Wholesales		33	278	7.8	272	(2.4)	1,149	4.0	1,210	5.3

Note: 1) For FY2006 1st. Quarter, shareholders' equity includes minority interests.