

FY2008 First Half Consolidated Financial Results

For the Six Months Ended September 30, 2008

English Translation from the Original Japanese-Language Document



October 30, 2008

Company Name : **Mazda Motor Corporation** (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, Deputy General Manager, Financial Services Division, Phone (082) 282-111
 Filing of *Shihanki Houkokusho*, statutory interim business and financial report : Scheduled for November 12, 2008
 Payment of Dividends : Scheduled for November 28, 2008

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

1. Consolidated Financial Highlights (April 1, 2008 through September 30, 2008)

(1) Consolidated Financial Results

	Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2008 First Half	1,575,542	-	60,731	-	48,543	-	29,533	-
FY2007 First Half	1,656,224	8.9	73,079	4.8	57,595	1.8	29,053	6.8

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

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY2008 First Half	20.96	20.95
FY2007 First Half	20.64	20.58

(2) Consolidated Financial Position

	Total Assets	Equity	Equity Ratio	Equity Per Share
	million yen	million yen	%	yen
FY2008 First Half	2,040,622	572,200	27.9	404.83
FY2007 Full Year	1,985,566	554,154	27.8	391.82

Notes on equity, equity ratio and equity per share :

- Equity for calculation of equity ratio and equity per share

FY2008 First Half	570,152	million yen
FY2007 Full Year	552,190	million yen
- Presentation of the minority interests in consolidated subsidiaries: The minority interests are presented as a separate component of the equity; however, the minority interests are excluded from the calculation of the equity ratio and the equity per share.
- Recognition of the stock acquisition rights in the equity: The fair value of stock option is recognized, as stock acquisition rights, in the equity as a separate component for the amounts amortized in expense; however, the stock acquisition rights are excluded from the calculation of the equity ratio and the equity per share.

2. Dividends

	Dividends per Share				
	1st. Qtr	2nd. Qtr	3rd. Qtr	Year end	Full-Year
	yen	yen	yen	yen	yen
FY2007	-	3.00	-	3.00	6.00
FY2008	-	3.00	-	3.00	6.00
FY2008 (Forecast)	-	-	-	3.00	6.00

Note: The dividend forecast for the year ending March 31, 2009 remains unchanged from the prior forecast.

3. FY2008 Consolidated Financial Forecast (April 1, 2008 through March 31, 2009)

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

	Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	3,000,000	(13.7)	90,000	(44.5)	90,000	(39.4)	50,000	(45.6)	35.50

Note: The previously released financial forecast for the year ending March 31, 2009 has been revised.

4. Other

(1) Significant Changes in Consolidation scope: None

(2) Adoption of Accounting Methods Simplified for / Unique to Preparing Interim Consolidated Financial Statements: Yes
 Note: See 4. Other in "Qualitative Discussions on Financial Information and Consolidated Financial Statements with Footnotes" on page 4.

(3) Accounting Changes in Preparing Interim Consolidated Financial Statements:

- 1) Adoption of new accounting standards Yes
 2) Other Yes

Note: See 4. Other in "Qualitative Discussions on Financial Information and Consolidated Financial Statements with Footnote" on pages 4 to 6.

(4) Common Stock

1) Shares issued (including treasury shares)	FY2008 First Half	1,418,509,399 shares
	FY2007 Full Year	1,418,509,399 shares
2) Treasury shares	FY2008 First Half	10,147,774 shares
	FY2007 Full Year	9,205,707 shares
3) The average number of outstanding shares over period	FY2008 First Half	1,408,969,248 shares
	FY2007 First Half	1,407,640,769 shares

Supplementary Information:

FY2008 Unconsolidated Financial Forecast (April 1, 2008 through March 31, 2009)

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

	Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	2,180,000	(11.5)	20,000	(75.9)	41,000	(51.7)	24,000	(56.3)	17.04

Note: The previously released financial forecast for the year ending March 31, 2009 has been revised.

Cautionary Statements with Respect to Forward-Looking Statements and Other Notes:

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.

Please see 3. Qualitative Discussions on Consolidated Financial Forecasts in Qualitative Discussions on Financial Information and Consolidated Financial Statements with Footnotes on pages 3 to 4.

Commencing in the fiscal year ending March 31, 2009 (and any interim periods of the fiscal year), the Accounting Standards Board of Japan ("ASBJ") Statement No.12, "Accounting Standard for Quarterly Financial Statements" and the ASBJ Guidance No.14, "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" were adopted. Also, interim financial statements are prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting".

Qualitative Discussions on Financial Information and Consolidated Financial Statements with Footnotes

1. Consolidated Financial Results

Year-to-year performance in retail volume by primary markets for the first half of FY2008 was as follows. In Japan, in spite of lower industry demands for new vehicles, retail volume remained almost flat year over year at 123,000 units primarily due to the introduction of the new Biante and the new Atenza. On the other hand, in North America, retail volume was down 6% to 200,000 units. In Europe, retail volume increased to 179,000 units or up 17% mainly due to contribution of the sales of the new Mazda2 (Demio in Japan) and CX-7. In China, retail volume increased by 53% to 63,000 units. The positive impact of Mazda6 (Atenza in Japan) was the main factor. In other areas, retail volume was up 5% to 136,000 units. As a result of these varying performances by market, the global retail volume was 701,000 units, up 6% from the same period of the prior fiscal year.

Consolidated sales for the first half of FY2008 decreased by ¥80.7 billion (down 5%) year on year to ¥1,575.5 billion. Positive impacts of increases in sales volume were more than offset by the negative impacts of yen's appreciation and changes in accounting standards. Consolidated operating income was ¥60.7 billion, a decrease of ¥12.4 billion (down 17%) year over year. Negative impacts of external factors such as stronger yen and price hikes of raw materials exceeded positive impacts of improvements in sales volume and mix. Operating ROS was 3.9%. The consolidated ordinary profit was down ¥9.1 billion (down 16%) to ¥48.5 billion. Consolidated net income was up ¥0.4 billion (up 2%) to ¥29.5 billion primarily due to the adoption of the accounting standards for quarterly financial statements.

Note: Commencing in the year ending March 31, 2009 (and any interim periods in the year), "*Accounting Standard for Quarterly Financial Statements*" was adopted. In the above year-over-year comparison, the financial results for the prior period are based on the financial information that was disclosed in FY2007 First Half Consolidated Financial Results released in the prior year.

2. Consolidated Financial Position

As of September 30, 2008, total assets amounted to ¥2,040.6 billion, ¥55.1 billion more than the end of last fiscal year. Also, total liabilities amounted to ¥1,468.4 billion, up ¥37.0 billion from the end of last fiscal year. These increases were due to the adoption of "*Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements*".

Total equity increased by ¥18.0 billion to ¥572.2 billion from the end of last fiscal year. Equity ratio increased by 0.1 percentage points from the end of previous fiscal year to 27.9%.

3. Qualitative Discussions on Consolidated Financial Forecast

The forecast for the year ending March 31, 2009 that was previously released on April 25, 2008 has been revised as follows. Also, the prospect of exchange rate assumption is ¥103 to the dollar and ¥152 to the Euro.

Consolidated Financial Forecast	Full year	Compared to the prior year
Sales Revenue	¥3,000 billion	down 13.7%
Operating Income	¥90 billion	down 44.5%
Ordinary Income	¥90 billion	down 39.4%
Net Income	¥50 billion	down 45.6%

Global Sales Volume	Full year	Compared to the prior year
Domestic	247,000 units	down 3.4%
North America	396,000 units	down 2.4%
Europe	370,000 units	up 13.3%
China	130,000 units	up 28.7%
Other	262,000 units	down 4.4%
Total	1,405,000 units	up 3.1%

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.

4. Other

1) Significant Changes in Consolidation Scope:

None

2) Adoption of Accounting Methods Simplified / Unique to Preparing Interim Consolidated Financial Statements:

1. Simplified accounting methods

Omission of physical inventory

As of September 30, 2008, some of the consolidated subsidiaries omitted physical inventory. Instead, the balance of inventory as of September 30, 2008 was determined by a rational method to reasonably estimate it based on the information from physical inventory as of March 31, 2008.

2. Unique accounting methods

None

3) Accounting Changes in Preparing Interim Consolidated Financial Statements: (Accounting Standard for Quarterly Financial Statements)

Commencing in the year ending March 31, 2009 (and any interim periods in the year), the ASBJ Statement No.12 "Accounting Standard for Quarterly Financial Statements" and the ASBJ Guidance No.14 "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" have been adopted. Also, interim financial statements are prepared in accordance with "Regulation for Quarterly Consolidated Financial Reporting".

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

Commencing in the three months ended June 30, 2008, Mazda Motor Corporation (the “Company”) and its consolidated overseas subsidiaries adopted the Practical Issues Task Force (“PITF”) No. 18, “*Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements*”, issued by the ASBJ on May 17, 2006, and made necessary adjustments in preparing the consolidated financial statements.

As a result of adopting the PITF No. 18, the balance of consolidated retained earnings as of April 1, 2008 was reduced by ¥1,554 million. Also, the effects of adopting the PITF No. 18 on the consolidated statement of income for the six months ended September 30, 2008 were to increase operating income by ¥1,578 million, to decrease ordinary income by ¥2,197 million, and to decrease income before income taxes by ¥2,393 million.

Also, in connection with adopting the PITF No. 18, incentive expenses of overseas consolidated subsidiaries that were recognized in selling, general and administrative expenses in the prior periods are now recognized as a reduction to net sales. For the six months ended September 30, 2008, such incentive expenses amounted to ¥66,284 million, and the effects of this change on the consolidated statement of income for the six months ended September 30, 2008 were to decrease net sales, gross profit on sales, and selling, general and administrative expenses by the amount.

Also, the effects of adopting the PITF No. 18 on segment information are discussed in the applicable section of the notes to the consolidated financial statements.

(Accounting Standards for Measurement of Inventories)

Commencing in the three months ended June 30, 2008, the Company and its consolidated domestic subsidiaries adopted the ASBJ Statement No.9 “*Accounting Standards for Measurement of Inventories*” issued by the ASBJ on July 5, 2006 and changed the inventory valuation method from a cost method to a lower-of-cost-or-market method.

The effects of adopting the new standard on gross profit, operating income, ordinary income and income before income taxes in the consolidated statement of income for the six months ended September 30, 2008 were immaterial.

(Change in Accounting for Materials Sold to and Purchased Back from Suppliers after Fabrication)

Through the year ended March 31, 2008, in the consolidated statement of income, the Company accounted for materials sold to suppliers for the purpose of purchasing back from them after fabrication in such a manner that the transactions were recognized in both net sales and cost of sales. Commencing in the three months ended June 30, 2008, however, the Company changed accounting for these transactions to exclude the amounts from both net sales and cost of sales. Under the previous accounting, the Company was emphasizing the contractual condition that the ownership title to the materials transfers through the transactions. However, the Company now emphasizes the substance of the transactions that the materials are purchased back after fabrication.

The effects of this accounting change on the consolidated statement of income for the six months ended September 30, 2008 were to decrease both net sales and cost of sales by ¥92,654 million with no effects on operating income, ordinary income, and income before income taxes.

Also, the effects of this accounting change on segment information are discussed in the applicable section of the notes to the consolidated financial statements.

Additional Information:

(Change in Useful Lives of Tangible Fixed Assets)

On April 30, 2008, the Japanese Income Tax Law was revised to implement certain changes to useful lives of depreciable fixed assets. As a result, commencing in the three months ended June 30, 2008, the Company and its consolidated domestic subsidiaries changed the useful lives of tangible fixed assets in calculating the depreciation expenses of tangible fixed assets in accordance with the revised Japanese Income Tax Law.

The effects of this change on the consolidated statement of income for the six months ended September 30, 2008 were to decrease operating income by ¥1,123 million and to decrease ordinary income and income before income taxes by ¥1,128 million.

The effects of this change on the segment information are discussed in the applicable section of the notes to the consolidated financial statements.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

September 30, 2008 and March 31, 2008

(Millions of Yen)		
	FY2008	FY2007
	First Half	Full Year
As of	September 30, 2008	March 31, 2008
ASSETS		
Current Assets:		
Cash and time deposits	112,355	120,961
Trade notes and accounts receivable	200,328	201,259
Securities	103,336	103,003
Inventories	293,684	287,716
Other	225,646	184,392
Allowance for doubtful receivables	(1,998)	(2,019)
Total current assets	933,351	895,312
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures (net)	154,557	155,056
Machinery and vehicles (net)	211,432	215,657
Land	443,381	442,237
Leased assets (net)	63,868	35,285
Other (net)	52,669	50,133
Total tangible fixed assets	925,907	898,368
Intangible fixed assets	31,285	33,951
Investments and other fixed assets:		
Investment securities	90,609	92,658
Other	64,431	70,214
Allowance for doubtful receivables	(4,353)	(4,329)
Investment valuation allowance	(608)	(608)
Total investments and other fixed assets	150,079	157,935
Total fixed assets	1,107,271	1,090,254
Total Assets	2,040,622	1,985,566

(Millions of Yen)

	FY2008 First Half As of September 30, 2008	FY2007 Full Year March 31, 2008
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	339,841	336,731
Short-term loans payable	117,465	69,851
Long-term loans payable due within one year	20,709	32,935
Bonds due within one year	20,000	20,000
Lease obligations	17,851	13,089
Income taxes payable	9,084	22,321
Accrued expenses	190,215	203,540
Reserve for warranty expenses	59,599	51,535
Other	65,472	94,933
Total current liabilities	840,236	844,935
Fixed Liabilities:		
Bonds	95,000	85,000
Long-term loans payable	273,667	261,599
Lease obligations	45,819	22,505
Deferred tax liability related to land revaluation	93,738	93,740
Employees' and executive officers' severance and retirement benefits	97,304	99,844
Other reserves	522	631
Other	22,136	23,158
Total fixed liabilities	628,186	586,477
Total Liabilities	1,468,422	1,431,412
EQUITY		
Capital and Retained Earnings:		
Common stock	150,068	150,068
Capital surplus	133,762	133,838
Retained earnings	191,084	167,332
Treasury stock	(5,166)	(4,549)
Total paid-in capital and retained earnings	469,748	446,689
Valuation and Translation Adjustments:		
Net unrealized gain on available-for-sale securities	462	545
Net gain on derivative instrument:	10,080	4,158
Land revaluation	136,045	136,048
Foreign currency translation adjustments	(46,051)	(34,090)
Pension adjustments recognized by an overseas consolidated subsidiar	(132)	(1,160)
Total valuation and translation adjustments	100,404	105,501
Stock Acquisition Rights	265	209
Minority Interests in Consolidated Subsidiaries	1,783	1,755
Total Equity	572,200	554,154
Total Liabilities and Equity	2,040,622	1,985,566

(2) Consolidated Statement of Income
For the period ended September 30, 2008

	(Millions of Yen)
	FY2008
	First Half
	Ended September 30, 2008
Net sales	1,575,542
Costs of sales	1,183,302
Gross profit on sales	<u>392,240</u>
Selling, general and administrative expenses	331,509
Operating income	<u>60,731</u>
Non-operating income	
Interest income	2,075
Equity in net income of unconsolidated subsidiaries and affiliates	6,288
Other	2,669
Total	<u>11,032</u>
Non-operating expenses	
Interest expense	7,467
Foreign exchange loss	10,606
Other	5,147
Total	<u>23,220</u>
Ordinary income	<u>48,543</u>
Extraordinary profits	
Profit on sale of tangible fixed assets	114
Compensation for the exercise of eminent domain	257
Other	18
Total	<u>389</u>
Extraordinary losses	
Loss on retirement and sale of tangible fixed assets	1,121
Loss on impairment of fixed assets	1,008
Total	<u>2,129</u>
Income before income taxes	<u>46,803</u>
Income taxes	
Current	11,325
Deferred	5,888
Total	<u>17,213</u>
Minority interests of consolidated subsidiaries	<u>57</u>
Net income	<u><u>29,533</u></u>

(3) Consolidated Statement of Cash Flows
For the period ended September 30, 2008

(Millions of Yen)

	FY2008 First Half Ended September 30, 2008
Cash flows from operating activities:	
Income before income taxes	46,803
Adjustments to reconcile income before income taxes to net cash provided by operating activities:	
Depreciation and amortization	37,933
Loss on impairment of fixed assets	1,008
Allowance for doubtful receivables	7
Reserve for warranty expenses	8,064
Employees' and executive officers' severance and retirement benefits	(3,984)
Interest and dividend income	(2,229)
Interest expense	7,467
Equity in net income of unconsolidated subsidiaries and affiliates	(6,288)
Loss/(gain) on retirement and sale of tangible fixed assets	750
Loss/(gain) on sale of investment securities	(17)
Decrease/(increase) in trade notes and accounts receivable	(4,525)
Decrease/(increase) in inventories	(6,218)
Increase/(decrease) in trade notes and accounts payable	(2,138)
Increase/(decrease) in other current liabilities	(31,402)
Other	(5,790)
Subtotal	39,441
Interest and dividends received	6,389
Interest paid	(7,531)
Income taxes paid	(25,315)
Net cash provided by operating activities	12,984
Cash flows from investing activities:	
Purchase of investment securities	(7,105)
Sale of investment securities	43
Acquisition of tangible fixed assets	(29,015)
Proceeds from sale of tangible fixed assets	4,239
Decrease/(increase) in short-term loans receivable	(3)
Long-term loans receivable made	(286)
Collections of long-term loans receivable	184
Other	(3,284)
Net cash used in investing activities	(35,227)
Cash flows from financing activities:	
Increase/(decrease) in short-term loans payable	11,334
Proceeds from long-term loans payable	29,000
Repayment of long-term loans payable	(29,159)
Proceeds from issuance of bonds	10,000
Proceeds from sale and leaseback transactions	3,149
Payment of lease obligations	(9,782)
Cash dividends paid	(4,228)
Cash dividends paid to minority shareholders	(27)
Other	(978)
Net cash provided by financing activities	9,309
Effects of exchange rate fluctuations on cash and cash equivalents	(732)
Net decrease in cash and cash equivalents	(13,666)
Cash and cash equivalents at beginning of the period	223,894
Increase in cash and cash equivalents due to additional subsidiaries newly consolidated	5,438
Cash and cash equivalents at end of the period	215,666

Commencing in the year ending March 31, 2009 (and any interim periods in the year), the ASBJ Statement No.12, "Accounting Standard for Quarterly Financial Statements" , and the ASBJ Guidance No.14, "Implementation Guidance for Accounting Standards for Quarterly Financial statements" , have been adopted. Also, interim financial statements are prepared in accordance with "Regulation for Quarterly Consolidated Financial Reporting " .

(4) Going Concern

None

(5) 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. Sales amount related to this industry exceeded 90% of the total sales amount of all the industry segments. Also, operating income (loss) related to this industry exceeded 90% the larger of the absolute total amount of operating income and that of operating loss of all the industry segments. Accordingly, information by industry segment is not shown.

2. Information by Geographic Area

FY2008 First Half (Ended September 30, 2008)	(Millions of Yen)						Elimination or corporate Consolidated
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside Customers	557,422	448,223	421,997	147,900	1,575,542	-	1,575,542
Inter-area	747,920	2,540	6,273	1,167	757,900	(757,900)	-
Total	1,305,342	450,763	428,270	149,067	2,333,442	(757,900)	1,575,542
Operating income	30,075	18,251	12,555	7,212	68,093	(7,362)	60,731

Notes:

1. 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: Russia, Belgium and Germany
 - Other areas: Australia and Colombia

2. Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements:

As discussed earlier in the accounting changes in preparing interim consolidated financial statements, commencing in the three months ended June 30, 2008, the Company and its consolidated overseas subsidiaries adopted PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" , issued by the ASBJ on May 17, 2006.

The effects of adopting PITF No. 18 on the operating income of North America segment and that of Europe segment for the six months ended September 30, 2008 were immaterial, but the effects on Other segment were to increase operating income by ¥1,826 million.

Also, in connection with adopting the PITF No. 18, incentive expenses of consolidated overseas subsidiaries that were recognized in selling, general and administrative expenses in the prior periods are now recognized as a reduction to net sales. The effects of this change on North America segment, Europe segment and Other segment for the six months ended September 30, 2008 were to decrease net sales by ¥40,660 million, ¥24,666 million and ¥958 million, respectively. However, this change had no effects on operating income of any of the segments as the operating expense (selling, general and administrative expenses) of each segment decreased by the amount equal to the amount of decrease in net sales.

3. Change in accounting for materials sold to and purchased back from suppliers after fabrication:

As discussed earlier in the accounting changes in preparing interim consolidated financial statements, commencing in the three months ended June 30, 2008, the Company changed accounting for materials sold to and purchased back from suppliers after fabrication. The effects of this change on Japan segment for the six months ended September 30, 2008 were to decrease net sales by ¥92,654 million. However, since operating expense (cost of sales) decreased by the same amount, operating income was not affected.

4. Change in useful lives of tangible fixed assets:

As discussed earlier in the additional information, commencing in the three months ended June 30, 2008, the Company and its consolidated domestic subsidiaries changed the useful lives of tangible fixed assets in calculating their depreciation expenses in accordance with the revised Japanese Income Tax Law. The effects of this change on Japan segment for the six months ended September 30, 2008 were to decrease operating income by ¥1,123 million.

3. Overseas Sales

FY2008 First Half (Ended September 30, 2008)	(Millions of Yen)			
	North America	Europe	Other areas	Total
Overseas sales	463,228	430,874	342,689	1,236,791
Consolidated sales	-	-	-	1,575,542
Percentage of overseas sales to consolidated sales	% 29.4	% 27.3	% 21.8	% 78.5

Notes:

1. Overseas sales include exports by the Company and its consolidated domestic 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:	Russia, Germany and UK
Other areas:	Australia, China and Thailand

(6) Significant Changes in the Amount of Equity

None

(Reference) Financial Information on the Prior Period for Year-to-Year Comparison Purposes**(1) Consolidated Statement of Income**

For the period ended September 30, 2008

With comparative figures for the period ended September 30, 2007

(Millions of Yen)					
		FY2007	FY2008	Increase/ (Decrease)	
		First Half Ended September 30, 2007	First Half Ended September 30, 2008	Amount	Percentage
Net sales	1	1,656,224	1,575,542	(80,682)	(4.9)
Costs of sales	2	1,175,040	1,183,302	8,262	0.7
Gross profit on sales	3	481,184	392,240	(88,944)	(18.5)
Selling, general and administrative expenses	4	408,105	331,509	(76,596)	(18.8)
Operating income	5	73,079	60,731	(12,348)	(16.9)
Non-operating income					
Interest income	6	2,019	2,075	56	2.8
Equity in net income of unconsolidated subsidiaries and affiliates	7	3,576	6,288	2,712	75.8
Other	8	2,986	2,669	(317)	(10.6)
Total	9	8,581	11,032	2,451	28.6
Non-operating expenses					
Interest expense	10	9,211	7,467	(1,744)	(18.9)
Foreign exchange loss	11	11,632	10,606	(1,026)	(8.8)
Other	12	3,222	5,147	1,925	59.7
Total	13	24,065	23,220	(845)	(3.5)
Ordinary income	14	57,595	48,543	(9,052)	(15.7)
Extraordinary profits					
Profit on sale of tangible fixed assets	15	129	114	(15)	(11.6)
Compensation for the exercise of eminent domain	16	82	257	175	213.4
Other	17	27	18	(9)	(33.3)
Total	18	238	389	151	63.4
Extraordinary losses					
Loss on retirement and sale of tangible fixed assets	19	2,191	1,121	(1,070)	(48.8)
Loss on impairment of fixed assets	20	229	1,008	779	340.2
Adoption of revised accounting standard for leases	21	1,144	-	(1,144)	-
Other	22	2	-	(2)	-
Total	23	3,566	2,129	(1,437)	(40.3)
Income before income taxes	24	54,267	46,803	(7,464)	(13.8)
Income taxes					
Current	25	19,429	11,325	(8,104)	(41.7)
Deferred	26	5,189	5,888	699	13.5
Minority interests of consolidated subsidiaries	27	596	57	(539)	(90.4)
Net income	28	29,053	29,533	480	1.7

Note: Commencing in the year ending March 31, 2009 (and any interim periods in the year), interim financial statements are prepared in accordance with "Accounting Standard for Quarterly Financial Statements". However, the comparative figures presented above for the period ended September 30, 2007 are based on First Half Consolidated Financial Results of the prior year.

(2) Consolidated Statement of Cash Flows
For the period ended September 30, 2008
With comparative figures for the period ended September 30, 2007

(Millions of Yen)

		FY2007 First Half Ended September 30, 2007	FY2008 First Half Ended September 30, 2008
Cash flows from operating activities:			
Income before income taxes	1	54,267	46,803
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	2	32,672	37,933
Loss on impairment of fixed assets	3	229	1,008
Adoption of revised accounting standard for leases	4	1,144	-
Allowance for doubtful receivables	5	389	7
Reserve for warranty expenses	6	4,730	8,064
Employees' and executive officers' severance and retirement benefits	7	(6,034)	(3,984)
Interest and dividend income	8	(2,117)	(2,229)
Interest expense	9	9,211	7,467
Equity in net income of unconsolidated subsidiaries and affiliates	10	(3,576)	(6,288)
Loss/(gain) on retirement and sale of tangible fixed assets	11	2,062	750
Loss/(gain) on sale of investment securities	12	(27)	(17)
Decrease/(increase) in trade notes and accounts receivable	13	(8,455)	(4,525)
Decrease/(increase) in inventories	14	24,405	(6,218)
Increase/(decrease) in trade notes and accounts payable	15	(13,135)	(2,138)
Increase/(decrease) in other current liabilities	16	(13,095)	(31,402)
Other	17	(9,265)	(5,790)
Subtotal	18	73,405	39,441
Interest and dividends received	19	5,195	6,389
Interest paid	20	(9,217)	(7,531)
Income taxes paid	21	(29,053)	(25,315)
Net cash provided by operating activities	22	40,330	12,984
Cash flows from investing activities:			
Purchase of investment securities	23	(829)	(7,105)
Sale of investment securities	24	50	43
Acquisition of investment securities from minority shareholders	25	(9,194)	-
Acquisition of tangible fixed assets	26	(39,789)	(29,015)
Proceeds from sale of tangible fixed assets	27	1,033	4,239
Decrease/(increase) in short-term loans receivable	28	7	(3)
Long-term loans receivable made	29	(147)	(286)
Collections of long-term loans receivable	30	80	184
Other	31	6	(3,284)
Net cash used in investing activities	32	(48,783)	(35,227)
Cash flows from financing activities:			
Increase/(decrease) in short-term loans payable	33	15,074	11,334
Proceeds from long-term loans payable	34	30,000	29,000
Repayment of long-term loans payable	35	(23,599)	(29,159)
Proceeds from issuance of bonds	36	-	10,000
Redemption of bonds	37	(20,220)	-
Proceeds from sale and leaseback transactions	38	5,874	3,149
Payment of lease obligations	39	(9,158)	(9,782)
Cash dividends paid	40	(8,442)	(4,228)
Cash dividends paid to minority shareholders	41	(644)	(27)
Other	42	(2,362)	(978)
Net cash (used in)/provided by financing activities	43	(13,477)	9,309
Effects of exchange rate fluctuations on cash and cash equivalents	44	2,285	(732)
Net decrease in cash and cash equivalents	45	(19,645)	(13,666)
Cash and cash equivalents at beginning of the period	46	242,505	223,894
Increase in cash and cash equivalents due to additional subsidiaries newly consolidated	47	-	5,438
Cash and cash equivalents at end of the period	48	222,860	215,666

(3) 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. Sales amount related to this industry exceeded 90% of the total sales amount of all the industry segments. Also, operating income (loss) related to this industry exceeded 90% the larger of the absolute total amount of operating income and that of operating loss of all the industry segments. Accordingly, information by industry segment is not shown.

2. Information by Geographic Area

FY2007 First Half (Ended September 30, 2007)	(Millions of Yen)					
	Japan	North America	Europe	Other areas	Total	Elimination or corporate Consolidated
Net sales:						
Outside Customers	607,124	483,739	400,793	164,568	1,656,224	- 1,656,224
Inter-area	646,872	2,095	11,635	397	660,999	(660,999) -
Total	1,253,996	485,834	412,428	164,965	2,317,223	(660,999) 1,656,224
Operating income	48,636	7,135	9,719	9,095	74,585	(1,506) 73,079

Note:

1. 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

FY2007 First Half (Ended September 30, 2007)	(Millions of Yen)			
	North America	Europe	Other areas	Total
Overseas sales	506,392	408,606	326,157	1,241,155
Consolidated sales	-	-	-	1,656,224
Percentage of overseas sales to consolidated sales	%	%	%	%
	30.6	24.7	19.7	74.9

Notes:

1. Overseas sales include exports by the Company and its consolidated domestic 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, UK and Russia

Other areas: Australia, China and Colombia

6. Production and Sales Information

1. Production Volume

Type	FY2007 First Half (Ended September 30, 2007)	FY2008 First Half (Ended September 30, 2008)	Increase/ (Decrease)
	units	units	units
Passenger cars	450,629	540,603	89,974
Trucks	21,601	19,518	(2,083)
Vehicles Total	472,230	560,121	87,891

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):

	FY2007 First Half	FY2008 First Half	Increase/ (Decrease)
AutoAlliance International, Inc.	29,741 units	29,483 units	(258) units
AutoAlliance (Thailand) Co., Ltd.	25,389	28,328	2,939

2. Sales Volume and Revenue

Type	FY2007 First Half (Ended September 30, 2007)		FY2008 First Half (Ended September 30, 2008)		Increase/ (Decrease)	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
Vehicles	575,092 units	1,218,443 million yen	648,195 units	1,224,096 million yen	73,103 units	5,653 million yen
Knockdown Parts (Overseas)	-	54,034	-	49,363	-	(4,671)
Parts	-	141,781	-	151,038	-	9,257
Other	-	241,966	-	151,045	-	(90,921)
Total	-	1,656,224	-	1,575,542	-	(80,682)

Sales Volume by Market

Type	FY2007 First Half (Ended September 30, 2007)	FY2008 First Half (Ended September 30, 2008)	Increase/ (Decrease)
	units	units	units
Japan	123,749	121,318	(2,431)
North America	185,337	206,581	21,244
Europe	140,271	171,830	31,559
Other	125,735	148,466	22,731
Overseas Total	451,343	526,877	75,534
Total	575,092	648,195	73,103

FY2008 First Half Financial Summary (Consolidated)

October 30, 2008

Mazda Motor Corporation

(In 100 millions of yen)
(In thousands of units)
(Upper left: return on sales)

		FY2007 1st. HF (Apr.07-Sep.07)		FY2008 1st. HF (Apr.08-Sep.08)		FY2007 (Apr.07-Mar.08)		FY2008 (Apr.08-Mar.09) Projection		FY2008 (Apr.08-Mar.09) Prior Projection	
		1st. Qtr.	2nd. Qtr.								
	Domestic	1	4,151 (6.1)	1,573	1,814	3,387 (18.4)	8,801 (0.8)	6,700 (23.9)	6,700 (23.9)		
	Overseas	2	12,411 15.0	6,145	6,223	12,368 (0.4)	25,957 10.0	23,300 (10.2)	23,300 (10.2)		
	Net sales	3	16,562 8.9	7,718	8,037	15,755 (4.9)	34,758 7.0	30,000 (13.7)	30,000 (13.7)		
	Operating income	4	4.4% 731 4.8	3.7% 283	4.0% 324	3.9% 607 (16.9)	4.7% 1,621 2.3	3.0% 900 (44.5)	3.8% 1,150 (29.1)		
	Ordinary income	5	3.5% 576 1.8	3.0% 229	3.2% 256	3.1% 485 (15.7)	4.3% 1,485 16.2	3.0% 900 (39.4)	3.7% 1,100 (25.9)		
	Income before income taxes	6	3.3% 543 3.6	2.9% 226	3.0% 242	3.0% 468 (13.8)	4.1% 1,431 20.8	2.8% 830 (42.0)	3.3% 1,000 (30.1)		
	Net income	7	1.8% 291 6.8	1.9% 150	1.8% 145	1.9% 295 1.7	2.6% 918 24.5	1.7% 500 (45.6)	2.3% 700 (23.8)		
	Operating income by geographic area										
	Japan	8	486	138	163	301	1,076				
	North America	9	71	66	117	183	60				
	Europe	10	97	40	86	126	180				
	Other	11	91	52	20	72	208				
	Operating profit change										
	Volume & mix	12		263	188	451		270	460		
	Exchange rate	13		(170)	(110)	(280)		(780)	(780)		
	Product enrichment	14		(32)	(53)	(85)		(190)	(190)		
	Cost reduction	15		(6)	(54)	(60)		0	90		
	Marketing expense	16		(51)	(20)	(71)		(30)	(50)		
	Other	17		(44)	(35)	(79)		9	(1)		
	Total	18		(40)	(84)	(124)		(721)	(471)		
	Average rate for the period										
	Yen / US\$	19	119	105	108	106	114	103	100		
	Yen / EUR		162	163	162	163	162	152	150		
	Transaction rate										
	Yen / US\$	20	118	103	106	104	115	104	101		
	Yen / EUR		155	155	161	158	157	157	151		
	Capital investment	21	353	391	208	599	755	900	850		
	Depreciation and amortization	22	327	185	194	379	665	730	730		
	R & D cost	23	575	289	274	563	1,144	1,110	1,150		
	Total assets	24	19,351	20,489	20,406	20,406	19,856				
	Equity	25	5,014	5,499	5,722	5,722	5,542				
	Financial debt	26	5,104	5,811	5,905	5,905	5,050				
	Net financial debt	27	2,875	3,644	3,748	3,748	2,811				
	Cash flow	28	(85)	(139)	(83)	(222)	102				
	Domestic	29	123 (5.8)	54	69	123 (0.1)	256 (1.9)	247 (3.4)	257 0.5		
	North America	30	213 7.1	109	91	200 (6.2)	406 6.8	396 (2.4)	400 (1.4)		
	Europe	31	153 (0.3)	93	86	179 17.3	327 7.4	370 13.3	360 10.2		
	China	32	41 (32.6)	33	30	63 52.6	101 (21.8)	130 28.7	180 78.2		
	Other	33	129 17.9	69	67	136 5.2	273 20.4	262 (4.4)	283 3.3		
	Overseas	34	536 2.6	304	274	578 7.8	1,107 6.4	1,158 4.6	1,223 10.5		
	Global retail volume	35	659 0.9	358	343	701 6.3	1,363 4.7	1,405 3.1	1,480 8.6		
	Number of Employees: (Excluding dispatchees)	36	39,441	40,553	40,458	40,458	39,364				

Notes: 1) Global retail volume refers to the total retail units of Mazda-brand vehicles sold on a global basis.

2) Commencing in the year ending March 31, 2009 (and any interim periods in the year) "Accounting Standard for Quarterly Financial Statements" and "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" have been adopted.

FY2008 First Half Financial Summary (Unconsolidated)

October 30, 2008
Mazda Motor Corporation

		(In 100 millions of yen)		FY2007 1st. HF		FY2008 1st. HF		FY2007		FY2008		FY2008	
		(In thousands of units)		(Apr.07-Sep.07)		(Apr.08-Sep.08)		(Apr.07-Mar.08)		(Apr.08-Mar.09)		(Apr.08-Mar.09)	
		(Upper left: return on sales)						Projection		Projection		Prior Projection	
					%		%		%		%		%
	Domestic	1	3,122	(7.1)	2,122	(32.0)		6,675	(0.9)	4,300	(35.6)	4,400	(34.1)
	Export	2	8,277	7.9	9,893	19.5		17,967	8.7	17,500	(2.6)	18,000	0.2
	Net Sales	3	11,399	3.3	12,015	5.4		24,642	5.9	21,800	(11.5)	22,400	(9.1)
	Operating income	4	392	(9.2)	246	(37.3)		831	(6.4)	200	(75.9)	480	(42.2)
	Ordinary income	5	327	(20.8)	221	(32.5)		848	0.4	410	(51.7)	510	(39.9)
	Income before taxes	6	298	(20.7)	204	(31.7)		809	8.2	350	(56.7)	430	(46.8)
	Net income	7	227	(16.8)	144	(36.5)		549	7.6	240	(56.3)	250	(54.5)
	Average rate for the period		Yen / US\$	8	119	106		114		103		100	
			Yen / EUR	8	162	163		162		152		150	
	Transaction rate		Yen / US\$	9	118	104		115		104		101	
			Yen / EUR	9	155	158		157		157		151	
	Capital investment	10	304		215			629		470		480	
	Depreciation and amortization	11	239		285			495		560		560	
	R & D cost	12	500		496			1,005		1,010		1,050	
	Total assets	13	15,234		16,478			16,207					
	Equity	14	5,205		5,719			5,565					
	Financial debt	15	4,051		4,582			4,312					
	Net financial debt	16	2,670		3,026			2,767					
	Domestic	17	131	(9.3)	130	(0.6)		274	(3.9)	265	(3.2)	278	1.6
	North America	18	156	(13.6)	181	15.9		351	(8.4)	365	4.1	371	5.8
	Europe	19	138	11.3	197	42.3		325	17.8	350	7.6	359	10.3
	Other	20	120	23.0	144	19.8		261	29.3	263	0.7	272	4.2
	Wholesales (units)	21	546	(0.3)	652	19.5		1,211	5.7	1,243	2.7	1,280	5.7
	Domestic production units	22	472	0.2	560	18.6		1,047	8.2	1,048	0.1	1,096	4.7
	Number of employees (Excluding dispatchees)	23	20,732		21,464			20,729					