FY2005 First Quarter Consolidated Financial Results For the Three Months Ended June 30, 2005



English Translation from the Original Japanese-Language Document

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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

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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 : Yes

Accounting for the impairment of fixed assets was adopted, starting in the current fiscal year.

The effect of this change for the three months ended June 30, 2005 was to decrease income before income taxes by 21,181 million yen.

(3) Changes in Consolidation Scope

: Yes

Consolidation: (Addition) 1 company / (Exclusion) None Equity method: (Addition) None / (Exclusion) 1 company

2. Consolidated Financial Highlights (April 1, 2005 through June 30, 2005)

(1) Consolidated Financial Results

(In Japanese yen rounded to millions)

	Net Sales		Operating Incon	ne	Ordinary Income	
	million yen	%	million yen	%	million yen	%
FY2005 1st. Qtr.	670,775	4.4	22,821	14.2	21,441	33.1
FY2004 1st. Qtr.	642,269	12.3	19,991	-	16,103	-
FY2004 Full Year	2,695,564		82,947		73.056	

	Net Income		Net Income Per Share	Net Income Per Share Diluted
	million yen	%	yen	yen
FY2005 1st. Qtr.	419	(96.4)	0.34	0.30
FY2004 1st. Qtr.	11,609	-	9.54	8.22
FY2004 Full Year	45,772		37.63	32.41

Notes:

1) Average number of shares outstanding (consolidated): FY2005 1st. Qtr. 1,218,295,884 shares FY2004 1st. Otr. 1,217,006.879 shares

Qualitative Discussions on the FY 2005 First Quarter Financial Results

Wholesales for the three months ended June 30, 2005, the first quarter of the year ending March 31, 2006, totaled 278,000 units, up 20,000 units or 8%, compared with the same period a year ago. This higher wholesales reflected good performance of the new Premacy (Mazda5) that was introduced in February 2005 as well as continuously strong sales of the Axela (Mazda3).

Sales revenue for the three months ended June 30, 2005 increased 28.5 billion yen or 4% to 670.8 billion yen from the same period of the last year. Operating income was up 2.8 billion yen or 14% to 22.8 billion yen. Ordinary income also increased 5.3 billion yen or 33% to 21.4 billion yen. Net income, on the other hand, was down 11.2 billion yen or 96% to 0.4 billion yen due to the impact from the adoption of accounting for the impairment of fixed assets in this quarter. Mazda is making a solid progress in line with the full-year projection released in April 2005.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Equity per Share
	million yen	million yen	%	yen
FY2005 1st. Qtr.	1,742,309	268,937	15.4	219.61
FY2004 1st. Qtr.	1,775,422	231,371	13.0	190.12
FY2004 Full Year	1,767,846	267,815	15.1	220.22

Notes:

Number of shares outstanding at period end (consolidated): FY2005 1st Qtr 1,224,639,025 shares and FY2004 1st Qtr 1,216,997,311 shares

²⁾ The changes from the previous period are shown in percentage. The disclosure of quarterly operating income, ordinary income, and net income started in the three months ended June 30, 2004. Therefore, no comparison of that period to the same period prior to that is available.

(Reference)

FY2005 Consolidated Financial Forecast (April 1, 2005 through March 31, 2006)

The forecast for the year ending March 31, 2006 remains unchanged from the prior forecast that was released on April 28, 2005. However, the projected net income per share has been updated to reflect the expected changes due to the acquisition of treasury stock and the exercise of the stock acquisition rights that are attached to bonds.

Also, in connection with the enactment of the Defined Benefit Corporate Pension Law, Mazda Welfare Pension Fund (which Mazda Motor Corporation and certain consolidated domestic subsidiaries are members of) obtained approval from the Minister of Health, Labor and Welfare for separation of the benefit obligation of the substitutional portion which relates to past employee services and for transfer of the benefit obligation of the substitutional portion and the related plan assets to the government.

The effect of the transfer is estimated to increase the extraordinary profit for the year to end March 31, 2006 by approximately 59.0 billion yen and was reflected in the forecast for the year ending March 31, 2006 that was released on April 28, 2005.

	Net Sales	Ordinary Income	Net Income
	million yen	million yen	million yen
Full Year	2,840,000	82,000	55,000

Reference: Net income per share for the full year 45.04 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, 2005

With comparative figures for the three months ended June 30, 2004 and the fiscal year ended March 31, 2005

		Millions of yen			
		FY2005	FY2004		FY2004
		3 Months	3 Months	Increase/	Full Year
Fo	or the periods ended	June 30, 2005	June 30, 20004	(Decrease)	March 31, 2005
Net sales	1	670,775	642,269	28,506	2,695,564
Costs of sales	2	491,724	469,855	21,869	1,972,574
Gross profit on sales	3	179,051	172,414	6,637	722,990
Selling, general and administrative expenses	4	156,230	152,423	3,807	640,043
Operating income	5	22,821	19,991	2,830	82,947
Non-operating income					
Interest and dividend income Equity in net income of unconsolidated subsidents.	6 diaries	652	659	(7)	2,416
and affiliates	7	2,813	1,460	1,353	9,963
Other	8	2,168	1,217	951	6,664
Total	9	5,633	3,336	2,297	19,043
Non-operating expenses					
Interest expense	10	2,386	3,453	(1,067)	13,786
Other	11	4,627	3,771	856	15,148
Total	12	7,013	7,224	(211)	28,934
Ordinary income	13	21,441	16,103	5,338	73,056
Extraordinary profits					
Profit on sale of fixed assets	14	30	186	(156)	214
Insurance claim income	15	892	-	892	27,942
Other	16	227		227	1,958
Total	17	1,149	186	963	30,114
Extraordinary losses					
Loss on retirement and sale of fixed assets	18	962	796	166	10,852
Loss on sale of investment securities	19	-	11	(11)	425
Loss on impairment of fixed assets Loss on liquidation of a <i>Tokumei Kumiai</i>	20 21	21,181	-	21,181	2,226
Loss on disasters	22	-	_ _	-	14,831
Other	23	-	-	-	989
Total	24	22,143	807	21,336	29,323
Income before income taxes	25	447	15,482	(15,035)	73,847
Income taxes					
Current	26	8,240	1,752	6,488	12,343
Deferred	27	(9,015)	1,404	(10,419)	14,315
Minority interests of consolidated subsidiaries	28	803	717	86	1,417
Net income	29	419	11,609	(11,190)	45,772

(2) Consolidated Balance Sheet

June 30, 2005 With comparative figures for March 31, 2005 and June 30, 2004

			Millions	s of yen	
		FY2005	FY2004		FY2004
		1st. Quarter		Increase/	1st. Quarter
	As of	June 30, 2005	March 31, 2005	(Decrease)	June 30, 2004
ASSETS					
Current Assets:					
Cash and time deposits	1	196,796	218,959	(22,163)	250,950
Trade notes and accounts receivable	2	142,800	142,011	789	133,237
Inventories	3	249,073	253,869	(4,796)	281,659
Deferred taxes	4	83,416	80,133	3,283	72,736
Other	5	72,852	80,655	(7,803)	60,631
Allowance for doubtful receivable	6	(8,039)	(8,031)	(8)	(6,455)
Total current assets	7	736,898	767,596	(30,698)	792,758
Fixed Assets:					
Tangible fixed assets:					
Buildings and structures	8	145,835	147,026	(1,191)	143,195
Machinery and vehicles	9	167,492	155,914	11,578	154,897
Land	10	445,597	449,356	(3,759)	432,241
Construction in progress	11	33,960	40,158	(6,198)	17,256
Other	12	26,239	31,793	(5,554)	38,574
Total tangible fixed assets	13	819,123	824,247	(5,124)	786,163
Intangible fixed assets:	14	23,206	23,367	(161)	21,700
Investments and other fixed assets					
Investment securities	15	62,603	58,423	4,180	59,237
Long-term loans receivable	16	8,053	8,017	36	13,367
Deferred taxes	17	79,350	73,747	5,603	94,841
Other	18	24,461	24,283	178	20,473
Allowance for doubtful receivable	19	(10,430)	(10,820)	390	(12,389)
Investment valuation allowance	20	(955)	(1,014)	59	(730)
Total investments and					
other fixed assets	21	163,082	152,636	10,446	174,799
Total fixed assets	22	1,005,411	1,000,250	5,161	982,662
Deferred assets	23	-	-	-	2
Total Assets	24	1,742,309	1,767,846	(25,537)	1,775,422

		Millions of yen			
		FY2005	FY2004		FY2004
		1st. Quarter		Increase/	1st. Quarter
	As of	June 30, 2005	March 31, 2005	(Decrease)	June 30, 2004
LIABILITIES					
Current Liabilities:					
Trade notes and accounts payable	1	268,202	290,476	(22,274)	291,994
Short-term loans payable	2	121,292	100,555	20,737	181,028
Long-term loans payable due within one year	3	81,712	82,847	(1,135)	57,014
Bonds due within one year	4	200	30,400	(30,200)	97,600
Other accounts payable	5	85,194	110,155	(24,961)	74,224
Accrued expenses	6	182,728	185,568	(2,840)	170,892
Reserve for warranty expenses	7	25,058	24,150	908	22,953
Other	8	60,885	53,077	7,808	58,906
Total current liabilities	9	825,271	877,228	(51,957)	954,611
Fixed Liabilities:					
Bonds	10	40,400	40,400	-	40,800
Bonds with stock acquisition rights	11	56,957	59,567	(2,610)	60,000
Long-term loans payable	12	241,174	214,376	26,798	179,582
Deferred tax liability related to land revaluation Employees' and executive officers'	13	91,132	91,132	-	91,113
severance and retirement benefits Directors' and corporate auditors'	14	196,017	195,892	125	198,030
retirement benefits	15	1,498	1,500	(2)	1,380
Other	16	12,214	11,910	304	11,777
Total fixed liabilities	17	639,392	614,777	24,615	582,682
Total Liabilities	18	1,464,663	1,492,005	(27,342)	1,537,293
Minority Interests in Consolidated Subsidiaries	19	8,709	8,026	683	6,758
SHAREHOLDERS' EQUITY					
Common stock	20	121,600	120,295	1,305	120,078
Capital surplus	21	105,740	104,435	1,305	104,217
Retained earnings/(deficit)	22	(37,811)	(34,581)	(3,230)	(69,076)
Land revaluation	23	130,895	130,895	-	131,470
Net unrealized gain/(loss) on available-for-sale securities	24	475	422	53	388
Foreign currency translation adjustments	25	(49,757)	(51,454)	1,697	(54,245)
Treasury stock	26	(2,205)	(2,197)	(8)	(1,461)
Total shareholders' equity	27	268,937	267,815	1,122	231,371
Total Liabilities, Minority Interests					
and Shareholders' Equity	28	1,742,309	1,767,846	(25,537)	1,775,422

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

	Millions of yen						
FY2005 Three Months		North		Other		Elimination	
Ended June 30, 2005	Japan	America	Europe	areas	Total	or corporate	Consolidated
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

	Millions of yen						
FY2004 Full Year		North		Other		Elimination	
Ended March 31, 2005	Japan	America	Europe	areas	Total	or corporate	Consolidated
Net sales:							
Outside Customers	1,136,102	751,506	625,277	182,679	2,695,564	-	2,695,564
Inter-areas	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
Operating 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

Notes:

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 England

Other areas: Australia and Colombia

3) Overseas Sales

FY2005 Three Months	Millions of yen						
Ended June 30, 2005	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			
FY2004 Three Months		Million	s of yen				
Ended June 30, 2004	North America	Europe	Other areas	Total			
Overseas sales	177,076	151,418	118,308	446,802			
Consolidated sales	- -	-	· -	642,269			
Percentage of overseas sales to	%	%	%	%			
consolidated sales	27.6	23.6	18.4	69.6			
FY2004 Full Year		Million	s of yen				
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 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 England Other areas: Australia, Thailand and China

Production and Sales Information

1) Production Volume

FY2005 Three Months Ended June 30, 2005		FY2004 Three Months Ended June 30, 2004	Increase/ (Decrease)	FY2004 Full Year Ended March 31, 2005
	units	units	units	units
Passenger cars	192,425	181,906	10,519	759,779
Trucks	16,091	14,039	2,052	52,993
Vehicles Total	208,516	195,945	12,571	812,772

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/		FY2004
	Three Months	Three Months	(Decrease)	Full Year
AutoAlliance International, Inc.	22,192 units	16,642 units	5,550 units	91,342 units
AutoAlliance (Thailand) Co., Ltd.	9,486	9,354	132	37,847

2) Sales Volume and Revenue

	FY2005	Three Months	FY2004 Three Months Ended June 30, 2004		Increase/ (Decrease)		FY2004 Full Year Ended March 31, 2005		
	Ended .	June 30, 2005							
	Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue	
	units	million yen	units	million yen	units	million yen	units	million yen	
Vehicles	278,166	483,054	258,150	454,089	20,016	28,965	1,104,074	1,972,643	
Knockdown Parts (Overseas)	-	29,496	-	37,767	-	(8,271)	-	123,825	
Parts	-	52,675	-	50,963	-	1,712	-	194,032	
Other	-	105,550	-	99,450	-	6,100	-	405,064	
Total	-	670,775	-	642,269	-	28,506	-	2,695,564	

<Sales Volume by Market>

		FY2005 Three Months	FY2004 Three Months	Increase/	FY2004 Full Year	
		Ended June 30, 2005	Ended June 30, 2004	(Decrease)	Ended March 31, 2005	
		units	units	units	units	
	Japan	69,130	64,963	4,167	293,798	
	North America	87,657	78,420	9,237	335,804	
	Europe	67,360	68,655	(1,295)	282,955	
	Other	54,019	46,112	7,907	191,517	
	Overseas Total	209,036	193,187	15,849	810,276	
	Total	278,166	258,150	20,016	1,104,074	

,	00 millions of yen)		EVO004 El N	r .1	EVO005 El N	# .1	EV2004 E 11 X	7	EV2005 E 11 X	7
(in thousands of units) (Upper left: Ratio on sales)			FY2004 Three Months Ended June 30, 2004		FY2005 Three Months Ended June 30, 2005		FY2004 Full Year Ended March 31, 2005		FY2005 Full Year Ending March 31, 2006	
	(Opper left. Ratio on sales)	1	Ended June 30,		Ended June 30,		Ended Water 31		Projection	
	Domestic	1	1,955	%	2.041	4.4	8,456	(0.1)	9,000	6.4
	Overseas	2	4,468	-	4,667	4.5	18,500	7.0	19,400	4.9
Net:		3	6,423	12.3	6,708	4.4	26,956	4.7	28,400	5.4
INCL :	saics	3	3.1%	12.3	3.4%	4.4	3.1%	4.7	3.2%	3.4
Ope	rating income	4	200	-	228	14.2	829	18.2	900	8.5
			2.5%		3.2%		2.7%		2.9%	
Ordinary income		5	161	-	214	33.1	731	25.9	820	12.2
	1 6		2.4%		0.1%	(07.1)	2.7%	26.6	3.4%	20.0
Inco	me before income taxes	6	155 1.8%	-	0.1%	(97.1)	738 1.7%	36.6	960	30.0
Net	income	7	116	_	0.170	(96.4)	458	35.0	550	20.2
	rating income	<u> </u>	110			(>0)		55.0		/
by g	eographic area									
1		8			136		588			
North America		9			35		88			
Europe 10 Other 11		10			42 23		86 57			
Opei	rating Profit Change	11			23		31			
		12			7				270	
Exchange Rate 13 Product Enrichment 14 Cost Reduction 15 Marketing Expense 16		13	/		11 (52) 90 (8)				(32) (274) 278 (57)	
		14								
		15								
		16								
		17	/		(20)				(114)	
	Total	18			28				71	
Ave	rage rate for the period	19	110 Yen/US		108 Yen/US\$ 135 Yen/EUR		108 Yen/US\$ 135 Yen/EUR		105 Yen/US\$ 135 Yen/EUR	
		+	132 Yen/EUR 107 Yen/US\$		104 Yen/US\$		108 Yen/US\$		105 Yen/US\$	
Transaction rate		20	131 Yen/EU		136 Yen/EUR		134 Yen/EUR		136 Yen/EUR	
Capital investment		21	86		245		679		680	
Depreciation and amortization 22		22	91		104		400		450	
R & D cost 23		246		225		908		970		
Total assets		24	17,754		17,423		17,678			
Net worth		25	2,314		2,689		2,678			
Financial debt		26	6,160		5,417		5,281			
Net financial debt		27	3,752		3,492		3,135			
	Domestic	28	65	(3.2)	69	6.4	294	0.8	308	4.8
	North America	29	78	2.4	88	11.8	336	2.7	346	3.0
	Europe	30	69	20.0	67	(1.9)	283	9.8	304	7.4
	Other	31	46	4.9	54	17.1	191	(4.2)	220	15.4
	Overseas	32	193	8.7	209	8.2	810	3.3	870	7.5
Who	blesales	33	258	5.4	278	7.8	1,104	2.6	1,178	6.8

Notes: 1) The disclosure of quarterly operating income, ordinary income, income before income taxes, and net income started in the three months ended June 30, 2004. Therefore, no comparison of that period to the same period prior to that is available.

²⁾ The year-over-year comparison in net sales and wholesales of the year ended March 31, 2005 to the year ended March 31, 2004 exclude the impacts of 15-month operations for those overseas subsidiaries that changed their fiscal year in the year ended March 31, 2004.