

Non-Consolidated Financial Results for the First Half of FY 2000

(April 1, 2000 through September 30, 2000)

November 17, 2000

Mazda Motor Corporation

Code No.: 7261

Listed in Tokyo, Osaka, Nagoya, Fukuoka, Kyoto and Sapporo Stock Exchange

Headquartered at : Hiroshima Prefecture

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Meeting of the Board of Directors for Account Settlement: November 17, 2000

Interim dividend system : Exists.

1. Financial Highlights (April 1, 2000 through September 30, 2000)

(1) Financial results

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

	Sales		Operating (Loss)/ Income		Ordinary (Loss)/ Income	
	Million yen	%	Million yen	%	Million yen	%
FY2000 1st H.	662,827	(9.8)	(13,478)	-	(16,362)	-
FY1999 1st H.	734,705	3.3	7,843	(63.8)	5,867	(68.8)
FY1999	1,466,146		13,066		7,735	

	Net (Loss)/ Income		Net (Loss)/ Income per share
	Million yen	%	Yen
FY2000 1st H.	(12,730)	-	(10.41)
FY1999 1st H.	3,826	(30.6)	3.12
FY1999	5,139		4.20

Notes:

- Number of issued shares (averaged):

FY2000 1st H.	1,222,496,655	stocks
FY1999 1st H.	1,222,496,655	stocks
FY1999	1,222,496,655	stocks
- Change of accounting procedures : None
- Percentage in the column of Sales, Operating (Loss)/ Income, Ordinary (Loss)/ Income and Net (Loss)/ Income show the percentage of change from the previous term.

(2) Dividends

	Interim Dividends	Annual Dividends
	per share	per share
	Yen	Yen
FY2000 1st H.	0.00	
FY1999 1st H.	0.00	
FY1999		2.00

(3) Financial Position

	Total assets	Shareholders' Equity	Equity Ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2000 1st H.	1,028,560	424,802	41.3	347.48
FY1999 1st H.	1,139,175	438,664	38.5	358.82
FY1999	1,104,609	439,978	39.8	359.90

Notes:

- | | | | |
|------------------------|-------------|---------------|--------|
| Number of issued stock | Sep.30,2000 | 1,222,496,655 | stocks |
| | Sep.30,1999 | 1,222,496,655 | stocks |
| | Mar.31,2000 | 1,222,496,655 | stocks |

2. FY2000 Financial forecast (April 1, 2000 through March 31, 2001)

	Sales	Ordinary (Loss)/ Income	Net (Loss)/ Income	Dividends per share	
	Million yen	Million yen	Million yen	Year-end	Yen
FY2000	1,360,000	(52,000)	(57,000)	0.00	0.00

Reference: Net (loss)/ Income forecast per share (46.62) yen

Non-Consolidated Statement of Income

Six months ended September 30, 2000

With comparative figures for the six months ended September 30, 1999

and for FY1999 ended March 31, 2000

(in Japanese yen rounded down to millions)

		First Half			Full Year
		FY2000 (Apr..00-Sep..00)	FY1999 (Apr..99-Sep..99)	Increase/ Decrease	FY1999 (Apr..99-Mar..00)
1. Sales	1	662,827	734,705	(71,877)	1,466,146
2. Cost of sales	2	563,276	584,293	(21,016)	1,185,477
Gross profit on sales	3	99,551	150,411	(50,860)	280,669
3. Selling, general and administrative expenses	4	113,029	142,568	(29,539)	267,602
Operating (loss)/ income	5	(13,478)	7,843	(21,321)	13,066
4. Non-operating income					
Interest/dividend income	6	4,038	2,784	1,254	4,548
Profits on sales of marketable securities	7	-	1,196	(1,196)	1,449
Others	8	3,666	3,095	570	6,743
Total	9	7,704	7,076	628	12,741
5. Non-operating expenses					
Interest expense	10	4,493	5,480	(987)	10,848
Amortization of unrecognized net retirement benefit obligation at transition	11	4,363	-	4,363	-
Others	12	1,731	3,571	(1,839)	7,225
Total	13	10,588	9,052	1,536	18,073
Ordinary (loss)/ income	14	(16,362)	5,867	(22,230)	7,735
6. Extraordinary profits					
Profits on sales of fixed assets	15	169	22,922	(22,753)	23,661
Profits on sales of investment securities	16	2,512	15,763	(13,251)	17,323
Total	17	2,681	38,686	(36,005)	40,985
7. Extraordinary losses					
Loss on sales of fixed assets	18	265	51	214	51
Loss on retirements of fixed assets	19	1,538	2,637	(1,098)	3,234
Past service costs relating to the pension plan	20	-	1,494	(1,494)	2,970
Loss on sales of investment securities	21	3,782	9	3,773	4,760
Devaluation of investment securities	22	1,554	166	1,388	1,142
Restructuring of affiliates	23	190	7,074	(6,884)	5,819
Provision of allowance for doubtful receivables	24	-	21,627	(21,627)	21,770
Investment valuation allowance	25	432	5,213	(4,781)	262
Total	26	7,763	38,273	(30,509)	40,010
(Loss)/ income before income taxes	27	(21,444)	6,281	(27,725)	8,710
Income taxes (corporation, inhabitant and enterprise):					
Current	28	8,777	20,099	(11,321)	4,460
Deferred	29	(17,492)	(17,644)	152	(889)
Net (loss)/ income	30	(12,730)	3,826	(16,556)	5,139
Retained earnings brought forward	31	10,595	10,280	314	10,280
Retained earnings adjustment to reflect tax effects pertaining to temporary differences in previous periods	32	-	23,361	(23,361)	23,361
Reversal of reserve for advanced depreciation deduction of fixed assets, etc. due to adoption of deferred tax accounting	33	-	7,261	(7,261)	7,261
Unappropriated retained earnings	34	(2,135)	44,728	(46,863)	46,041

Non-Consolidated Balance Sheet

September 30, 2000

With comparative figure for March 31, 2000 and September 30, 1999

(in Japanese yen rounded down to millions)

		Sept. 30, 2000	Mar. 31, 2000	Incr./Decr.	Sept. 30, 1999
<u>Assets</u>					
<u>1. Current assets</u>					
Cash and time deposits	1	146,067	167,103	(21,036)	194,322
Notes receivable-trade	2	2,788	4,630	(1,841)	4,946
Accounts receivable-trade	3	75,498	127,016	(51,518)	136,136
Marketable securities	4	-	17,929	(17,929)	21,331
Inventories	5	51,051	49,618	1,433	49,518
Others	6	55,866	48,385	7,480	36,068
Allowance for doubtful receivables	7	(5,111)	(4,530)	(581)	(3,606)
Total current assets	8	326,161	410,154	(83,992)	438,717
<u>2. Fixed assets</u>					
<u>(1) Tangible fixed assets</u>					
Buildings	9	81,467	83,937	(2,470)	85,669
Machinery & equipment	10	110,215	115,985	(5,769)	114,504
Tools, furniture & fixtures	11	21,521	22,893	(1,371)	23,909
Land	12	83,045	83,632	(587)	83,400
Construction in progress	13	29,947	25,394	4,552	21,565
Others	14	18,504	18,874	(369)	19,513
Total tangible fixed assets	15	344,701	350,717	(6,015)	348,562
<u>(2) Intangible fixed assets</u>					
Software	16	5,565	5,758	(193)	5,115
<u>(3) Investments and other fixed assets:</u>					
Investment securities	17	7,236	2,595	4,640	4,713
Investment securities for affiliates	18	171,391	166,818	4,573	171,735
Long-term loans receivable	19	147,252	182,175	(34,923)	169,134
Others	20	47,483	44,075	3,408	62,038
Allowance for doubtful receivables	21	(20,560)	(57,450)	36,889	(55,659)
Investment valuation allowance	22	(694)	(262)	(432)	(5,213)
Total investments and other fixed assets	23	352,109	337,952	14,156	346,749
Total fixed assets	24	702,376	694,429	7,947	700,427
<u>3. Deferred Assets</u>					
Discounts on bonds	25	22	26	(4)	30
Total assets	26	1,028,560	1,104,609	(76,049)	1,139,175

(in Japanese yen rounded down to millions)

		<u>Sept. 30, 2000</u>	<u>Mar. 31, 2000</u>	<u>Incr./Decr.</u>	<u>Sept. 30, 1999</u>
<u>Liabilities</u>					
<u>1. Current liabilities</u>					
Notes payable-trade	1	15,909	16,288	(379)	13,803
Accounts payable-trade	2	101,316	133,222	(31,906)	122,296
Short-term loans payable	3	80,942	81,402	(460)	81,184
Bonds due within one year	4	25,000	55,000	(30,000)	60,000
Accrued corporation tax, etc.	5	7,183	904	6,278	16,504
Reserve for employees' bonuses	6	16,499	15,946	553	16,277
Reserve for warranty claims	7	17,882	19,555	(1,673)	12,064
Others	8	43,386	47,216	(3,829)	48,117
Total current liabilities	9	308,118	369,535	(61,416)	370,247
<u>2. Fixed liabilities</u>					
Bonds	10	111,900	111,900	-	136,900
Long-term loans payable	11	151,117	152,874	(1,756)	163,090
Reserve for retirement allowances	12	-	25,490	(25,490)	25,722
Reserve for retirement benefits	13	27,544	-	27,544	-
Others	14	5,076	4,831	245	4,551
Total fixed liabilities	15	295,638	295,095	542	330,264
Total liabilities	16	603,757	664,631	(60,874)	700,511
<u>Shareholders' equity</u>					
<u>1. Capital stock</u>					
	17	120,078	120,078	-	120,078
<u>2. Legal capital surplus</u>					
	18	104,216	104,216	-	104,215
<u>3. Legal earned surplus</u>					
	19	15,751	15,507	244	15,507
<u>4. Retained earnings</u>					
(1) Reserve for general purpose	20	186,891	154,134	32,756	154,134
(2) Unappropriated retained earnings	21	(2,135)	46,041	(48,176)	44,728
Total retained earnings	22	184,756	200,176	(15,419)	198,863
Total shareholders' equity	23	424,802	439,978	(15,175)	438,664
Total liabilities and shareholders' equity	24	1,028,560	1,104,609	(76,049)	1,139,175

Significant Accounting Policies

1. Evaluation standard and method of assets
 - (1) Inventories
Cost standard and average method.
 - (2) Securities
Cost standard and moving average method for investment securities for subsidiaries, affiliates and others.
2. Depreciation method of fixed assets
 - (1) Tangible fixed assets
Declining balance method is used per the corporate tax law, except for certain buildings (excluding equipment and fixtures attached to the buildings) and tools acquired on or after April 1, 1998 that are accounted for by straight-line method that is in accordance with the law.
 - (2) Intangible fixed assets
Software is depreciated by Straight-line method for the period of internal benefits (5 years).
3. Accounting for reserves
 - (1) Reserve for employees' bonuses
This is to provide for the payment of bonuses to employees; the amount estimated to be charged in the current fiscal year is recognized.
 - (2) Reserve for warranty claims
This is to provide 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.
 - (3) Reserve for retirement benefits
This is to provide for the payment of retirement allowances to employees, and the amount estimated to be incurred at the end of the first half-year period is recognized based on the amount of liabilities for retirement benefit and the estimated fair value of the pension assets at the end of this full year period.
The affected amount caused by the change of accounting standard (130,905 Million yen) is recognized in the expense divided by 15 years.
 - (4) Allowance for doubtful receivables
 - 1) Receivables at an ordinary risk
Based on the past default ratio.
 - 2) Receivables at a high risk and Receivables from debtors under bankruptcy proceedings
Based on the financial standings of the debtor.
 - (5) Investment valuation allowance
This is to provide for loss from investment securities, Investment securities for affiliates, etc.
The amount that is considered necessary in light of the financial standings of the company is recognized.
4. Accounting for Leases
Lease transactions other than finance lease with unconditional title transfer clause to lessee are accounted for by the method equivalent to the ordinary accounting for rent.
5. Accounting for Hedging activities
Full-deferral hedge accounting is applied.
The forward exchange contract and the currency swap designated as hedging a foreign-currency-denominated receivable or payable are translated into yen at the fixed exchange rate stipulated in the contract.
6. Accounting for Consumption tax, etc
Excluding tax method.
Consumption tax paid and received are netted and listed as Others in the Current asset.
7. Standard to recognize the Corporation, inhabitant and enterprise taxes, and the method to recognize Deferred tax adjustment
Tax payment and the Deferred tax adjustment amount for the first half-year period is calculated based on the reserve and its reversal of the Advanced depreciation deduction of fixed assets and the Reserve for special depreciation in consequence of the appropriation of the retained earnings planned at the full year period.

Additional Information

1. Accounting for Retirement benefit

Starting from this first half-year period, Mazda has adopted “Accounting Standard for Retirement Benefits” (The Business Accounting Deliberation Council, June 16, 1998).

The effect of this change is to increase retirement benefit expenses by 1,978 million yen, and decrease ordinary income by 3,718 million yen and profit before tax by 1,973 million yen.

2. Accounting for Financial instruments

Starting from this first half-year period, Mazda has adopted “Accounting Standard for Financial Instruments” (The Business Accounting Deliberation Council, January 22, 1999).

The purposes of holding the marketable securities at the beginning of this fiscal year are examined, and the securities other than the ones for trading purpose and maturing within one year are listed as investment securities.

Those securities classified as others that have fair value are not recognized at its fair value in the Balance Sheet.

Based on the MOF Ministerial Ordinance No. 10 additional clause No.3, the respective amount is as follows;

	(Million yen)
Other securities	4,930
Fair value	5,034
Equivalent of valuation difference	60
Equivalent of deferred tax liability	43

3. Accounting for Foreign currency transactions

Starting from this first half-year period, Mazda has adopted “Accounting Standard for Foreign currency transactions” (The Business Accounting Deliberation Council, October 22, 1999). The effect of this change is not material.

Notes

(Non-Consolidated Balance Sheet)	FY2000 1st H.	FY1999 1st H.	FY1999
1. Accumulated depreciation of tangible fixed assets	980,160	966,198	976,635
	Million yen	Million yen	Million yen
2. Assets pledged	144,555	148,060	150,573
Pledged liabilities	146,337	158,540	148,548
3. Long-term loans receivables include subordinated loans of 134,314 million yen for which the creditor's right to the principal amounts and interests are subordinate to those of other creditors.			
4. Contingent liabilities			
Letter of guarantee	42,785	805	818
Letter of awareness and similar agreements	157,931	202,252	231,786
5. Discount of notes receivable-trade	151	-	181
6. Factoring of receivables with recourse	19,164	4,500	13,780

(Non-Consolidated Statement of Income)	FY2000 1st H.	FY1999 1st H.	FY1999
Depreciation			
Tangible fixed assets	17,160	17,390	36,356
Intangible fixed assets	777	723	1,499
	Million yen	Million yen	Million yen

Lease transaction

1. Finance lease transactions other than those with unconditional title transfer clause to lessee.

	FY2000 1st H.	FY1999 1st H.	FY1999
Equivalent of acquisition costs	145,050	153,314	150,813
Equivalent of accumulated depreciation	74,494	68,753	73,096
Equivalent of net book value	70,556	84,561	77,716
Balance of lease obligation for future payment	75,770	89,739	83,018
(Due within one year)	(19,339)	(20,683)	(20,117)
Lease fee paid for the fiscal year	11,917	11,991	23,982
Equivalent of depreciation	10,028	10,168	20,292
Equivalent of interest	1,988	2,204	4,175

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

Interest included in lease fee is calculated as difference between total lease fee and equivalent of acquisition costs of the leased assets. This amount is allocated to each fiscal period by interest method.

2. Operating lease transaction

	FY2000 1st H.	FY1999 1st H.	FY1999
Equivalent of balance of lease obligation for future payment at the fiscal year end	27,234	28,304	27,764
(Due within one year)	(1,079)	(1,086)	(1,076)
	Million yen	Million yen	Million yen

Securities

Investment securities for subsidiaries and for affiliates that could be evaluated in fair value

Classification	FY2000 1st H. (Sep.30 2000)		
	BS amount	Fair value	Difference
Investment securities for affiliates	330	131	(199)
			Million yen

Subsequent Events

On November 17, 2000, Board of Directors of Mazda Motor Corporation made a decision on the following rationalization plan.

1. Production of Mazda-Brand Vehicles in Europe

Mazda will produce certain vehicle models for the European markets at a Ford facility in Europe for the purpose of locating production near our customers and reducing our currency exposure. The vehicle models include the Demio and the 323. The plant location will be announced at a later date. Approximately 60,000 to 80,000 vehicles that are annually produced in Japan will be subject to the plan. Production will commence in calendar year 2003. Annual ongoing volumes of approximately 100,000 are planned.

2. Closure of Ujina Plant No. 2

Mazda will close Ujina Plant No. 2 (with an annual production capacity of 266 thousand units) in September of 2001 in order to improve the utilization and production efficiencies of its domestic plants. Ujina Plant No. 2's production will be transferred to Ujina Plant No. 1 and Hofu Plant No. 1.

Mazda expects to incur a loss of approximately 3 billion yen in relation to the plant closure; it expects to recognize this amount in the fiscal year 2000 to end March 31, 2001 as an extraordinary loss.

3. Early Retirement Special Program

Mazda will implement a voluntary early retirement special program. The indirect work force of Mazda Motor Corporation subject to certain qualifications is eligible to take advantage of the program. The employees may apply to accept the program from early to late February of 2001 to retire on March 30, 2001 up to the maximum limit of 1,800 employees. This action is being implemented to achieve an optimum level of employment recognizing efficiency improvements, expanded utilization of Information Technology, and the competitive environment.

Mazda projects the early retirement incentive of this program to be approximately 24 billion yen; it expects to recognize this amount in the fiscal year 2000 to end March 31, 2001 as an extraordinary loss.

< Reference for the First Half of FY2000 Non-Consolidated Financial Results >

Nov. 17, 2000
Mazda Motor Corporation

		FY1999 1st.HF (Apr.99-Sep.99)		FY2000 1st.HF (Apr.00-Sep.00)		FY1999 (Apr.99-Mar.00)		FY2000 (Apr.00-Mar.01) Projection					
(in 100 millions of yen)			%		%		%		%				
Domestic	1	41.4%	3,039	(0.2)	47.5%	3,146	+3.5	44.4%	6,514	+8.0	49.3%	6,700	+2.9
Overseas	2	58.6%	4,307	+5.9	52.5%	3,481	(19.2)	55.6%	8,146	(4.2)	50.7%	6,900	(15.3)
Net Sales	3	100.0%	7,347	+3.3	100.0%	6,628	(9.8)	100.0%	14,661	+0.8	100.0%	13,600	(7.2)
Ratio on sales		1.1%			(2.0%)			0.9%			(3.1%)		
Operating (loss)/income	4		78	(63.8)		(134)	-		130	(76.5)		(425)	-
Ratio on sales		0.8%			(2.5%)			0.5%			(3.8%)		
Ordinary (loss)/income	5		58	(68.8)		(163)	-		77	(84.5)		(520)	-
Ratio on sales		0.9%			(3.2%)			0.6%			(7.0%)		
(Loss)/income before tax	6		62	+13.6		(214)	-		87	(71.5)		(955)	-
Ratio on sales		0.5%			(1.9%)			0.4%			(4.2%)		
Net (loss)/income	7		38	(30.6)		(127)	-		51	(83.2)		(570)	-
Change of operating income by factors	8	(Favorable factor)		(Favorable factor)		(Favorable factor)		(Favorable factor)		(Favorable factor)		(Favorable factor)	
		Vehicle cost	+185	Vehicle cost	+158	Vehicle cost	+403	Vehicle cost	+309				
		Sales mix etc	+42	Fixed cost		Sales mix etc	+9	Sales mix etc	+9			Others	+37
		R&D Sales exp.		decrease etc	+114								
		decrease etc	+9										
		(Unfavorable factor)		(Unfavorable factor)		(Unfavorable factor)		(Unfavorable factor)			(Unfavorable factor)		
		Exchange rate	(374)	Exchange rate	(331)	Exchange rate	(747)	Exchange rate	(616)			Exchange rate	(616)
				Sales mix etc	(153)	Service Sales exp.		Service Sales exp.				Sales mix etc	(285)
						increase etc	(91)	increase etc	(91)				
Exchange rate(Yen)	9	US\$@117		US\$@107		US\$@112		US\$@108				US\$@108	
		DM @63		DM @50		DM @59		DM @49				DM @49	
		EUR@123		EUR@99		EUR@115		EUR@97				EUR@97	
Capital investment	10		204			135			415			460	
Depreciation and amortization	11		173			171			363			360	
<Ratio on sales>		5.0%			5.1%			4.6%			5.1%		
R & D cost	12		369			339			670			700	
Labour cost	13		884			881			1,773			1,754	
Total assets	14		11,391			10,285			11,046			10,800	
<Equity ratio>		38.5%			41.3%			39.8%			35.2%		
Net worth	15		4,386			4,248			4,399			3,800	
Financial debts	16		4,411			3,689			4,011			3,917	
Net financial debts	17		2,468			2,228			2,340			2,338	
Cash flow	18		632			136			760			25	
Performance of operation	19	Sales to decrease		Sales to decrease		Sales to decrease		Sales to decrease		Sales to decrease		Sales to decrease	
		Net income to decrease		Net income to decrease		Net income to decrease		Net income to decrease		Net income to decrease		Net income to decrease	
Domestic production volume	20		378	(7.1)		366	(3.2)		805	(1.7)		759	(5.7)
Registered	21		139	(10.1)		146	+4.7		298	+0.7		308	+3.3
Micro-Mini	22		24	+39.0		21	(13.5)		46	+15.5		41	(11.1)
Domestic	23		163	(5.1)		167	+2.0		344	+2.4		349	+1.4
North America	24		89	+101.6		85	(4.4)		177	+48.7		179	+1.0
Europe	25		108	(18.0)		81	(24.2)		236	(13.4)		169	(28.2)
Other	26		57	(34.8)		80	+40.3		122	(21.4)		162	+32.8
Overseas	27		254	(3.6)		246	(3.1)		535	(2.1)		510	(4.6)
Sales volume	28		417	(4.2)		413	(0.9)		879	(0.4)		859	(2.3)
Share		5.6%			5.4%			5.5%			5.3%		
Retail sales volume (inc.import car)	29		155	(1.9)		152	(2.1)		323	+2.8		318	(1.6)
Number of employee	30		23,979			23,533			23,549			-	-