1. Highlights
First, as the highlights of the business, in all regions except for Japan, we achieved year-over-year sales growth. The global sales were 358,000 units, up 11% year-over-year. Our key products, the New Mazda2, Mazda3, and New Mazda6 continued to sell well and contributed to the product-led growth. Although, sales remained strong globally, due to raw material price hikes, a weaker US dollar and sluggish US demand, operating profit declined 12% from the prior year to 28.3 billion yen. Ordinary profit was 22.9 billion yen, and the net income was 15 billion yen. We are on track to achieve full year projections.

2. FY2007 Results
Our Consolidated Operating Profit for the 1st quarter of FY2008 was 28.3 billion yen, down 4 billion yen or 12% from the prior year. Ordinary profit was up 8% at 22.9 billion yen, primarily reflecting impact from forward exchange contracts and improvement of equity-method companies profits. Net income was 15 billion yen, up 12.5 billion yen. Excluding the impact of taxation accounting changes, it is a 4.5 billion yen improvement or up 43%. Operating ROS was 3.7%.

Our Global Retail Volume increased 35,000 units from the prior year to 358,000 units with sales growth in all areas except for Japan. Retail sales increased 11% globally. The yen to dollar exchange rate averaged 105 and the yen to Euro exchange rate averaged 163.

Revenues were down 5% from prior year. Favorable volume and mix improved revenue by 9%. Domestic revenue was up 1% and overseas revenue was up 8%. The exchange impact was negative 4% and accounting standard change contributed a 10% decline. Excluding the impact of the accounting method change, revenue improved 5%.

Let’s now look at our sales performance in each of our key markets.
In Japan, our sales declined 4% year over year, achieving 54,000 units. Reduced sales of existing models offset the new vehicle increase from the new Demio and new Atenza. In July, we introduced the new Biante and received 3,000 advanced orders. We are planning to use the new Biante as momentum to contribute to future sales.

Sales in North America were at 109,000 units, flat year over year. This reflects strong sales of Mazda3 partially due to market structure change to smaller vehicles. Despite the
decline in the total industry in the United States by 12%, our sales increased 3% and share grew 0.3 points to 2%. Sales in Canada were down 8%. But in Mexico, the sales continued to expand, up 27%. New Mazda6 for North America, which was announced on July 23 will further contribute to our sales momentum in the second half.

In Europe, sales reached 93,000 units, up 20% from the prior year. Three door-hatch back and diesel models of new Mazda2, CX-7 and Mazda3 contributed to the sales increase. By country, sales in Russia remain strong and almost doubled from prior year to 22,000 units. Russia is now the highest volume country for Mazda in Europe. Although the demand is flat in Western Europe, almost every country, except Germany, achieved sales growth.

Sales results in China were 33,000 units. That is an increase of 101%, more than double from the prior year. Sales increased with introduction of the 5-door hatch back Mazda3 and Mazda5, in addition to new Mazda2. Expansion of sales network is on track and as of the end of June, we have 204 outlets.

In other markets, sales rose 9% to 69,000 units, as a result of contributions from new Mazda2 and CX-9. By country, sales in Australia, Israel and South Africa showed the greatest growth. Sales in Australia increased 9% to 21,000 units, hitting 18th consecutive months of record sales. Sales in Israel were up 44% to almost 10,000 units, exceeding the prior year levels for 14 consecutive months.

The key factors behind the 4 billion yen operating profit year-over-year decline; Volume and Mix effects are 26.3 billion yen favorable. In addition to the Mazda3, which is still selling well, new Mazda2 and new Mazda6 are widely accepted by customers. Supported by strong sales in overseas markets in addition to the effect of inventory optimization last year, volume and mix substantially improved. The weaker US dollar had a negative impact of 13 billion yen, while the appreciation of Euro improved 0.5 billion yen. In total with the negative impact of other currencies of 4.5 billion yen, exchange rates had a negative effect on operating profits of 17 billion yen.

Product Enhancement costs increased 3.2 billion yen primarily reflecting costs for product enhancement actions for new Atenza/Mazda6. Net cost reductions deteriorated 0.6 billion yen. The impact of raw material price increases including steel prices negotiated in this fiscal year exceeded the value of our cost reduction initiatives.

Fixed marketing cost was up 5.1 billion yen, primarily reflecting higher cost for brand enhancement and new model launches, primarily in Europe. Other costs increased 4.4 billion yen from the prior year, mainly due to higher R&D spending and Depreciation. In summary, despite the impact of external environment of exchange rates and raw material price hike, our business performance such as volume and mix improved profits.
3. In Summary
For the first quarter of this fiscal year, sales remained strong globally but due to raw material price hikes, weaker US dollar and downturn in industry demand in the United States, operating profit declined 12% from the prior year. Sales of our key models including new Mazda2, Mazda3 and new Mazda6 remained strong. Sales results exceeded the prior year levels in all regions except Japan. We pursue product-led growth with introductions of new models throughout the year, like the new Mazda Biante in Japan and Mazda6 in North America.

We maintain our initial full-year projections because of on-going uncertainties like exchange fluctuations, raw material prices, and structural changes in the regional markets.

This concludes my explanation. Thank you for your attention.