

# Unconsolidated Financial Results for FY2000

(April 1, 1999 through March 31, 2000)

May 26, 2000

## Mazda Motor Corporation

Code No.: 7261 Listed in Tokyo, Osaka, Nagoya, Fukuoka, Kyoto and Sapporo Stock Exchanges

Headquartered at: Hiroshima Prefecture

Contact: Shigeharu Hiraiwa

Director and General Manager of Corporate Communications Division Tel: (082) 282-1111

Meeting of the Board of Directors for Account Settlement: May 26, 2000

General Meeting of Stock Holders: June 23, 2000

Provision for interim dividends: Provision exists.

### 1. Financial Highlights (April 1, 1999 through March 31, 2000)

#### (1) Financial results

[Amounts less than one million yen have been omitted.]

	Sales		Operating Income		Ordinary Income	
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%
FY2000	1,466,146	0.8	13,066	-76.5	7,735	-84.5
FY1999	1,454,017	-3.9	55,641	78.2	49,774	91.8

  

	Net Income		Net Income per share	Net Income per share (diluted)	Return on Equity	Ordinary Income to Total assets	Ordinary Income to Sales
	Mil. Yen	%	Yen	Yen	%	%	%
FY2000	5,139	-83.2	4.20	-	1.2	0.7	0.5
FY1999	30,529	165.2	24.97	-	7.6	4.8	3.4

(Footnote)

1. Number of Issued Shares (averaged): FY2000 1,222,496,655 stocks  
FY1999 1,222,423,913 stocks

2. Change of accounting procedures: Yes

3. Percentage in the column of Sales, Operating Income, Ordinary Income and Net Income show the percentage of change from previous year.

#### (2) Dividends

	Dividends per share			Amount of	Dividends	Annual Dividends
	Yen	Yen	Yen	Annual Dividends	Payout Ratio	per equity
FY2000	2.00	0.00	2.00	Mil. Yen 2,444	% 47.6	% 0.6
FY1999	4.00	0.00	4.00	Mil. Yen 4,889	% 16.0	% 1.2

#### (3) Financial Position

	Total assets	Shareholders' Equity	Equity Ratio	Equity per share
	Mil. Yen	Mil. Yen	%	Yen
FY2000	1,104,609	439,978	39.8	359.90
FY1999	1,074,945	416,367	38.7	340.58

(Footnote)

Number of issued stock Mar.31,2000 1,222,496,655 stocks  
Mar.31,1999 1,222,496,655 stocks

### 2. FY2001 Financial forecast (April 1, 2000 through March 31, 2001)

	Net Sales	Ordinary Income	Net Income	Dividends per share		
	Mil. Yen	Mil. Yen	Mil. Yen	Interim	Year-end	Yen
FY2001 1st. H.	685,000	-21,000	-11,000	Yen 0.00	Yen -	Yen -
FY2001 Full Y.	1,540,000	3,500	2,500	Yen -	Yen 2.00	Yen 2.00

(Reference) Net income per share (Full Year): 2.04 yen

## Supplementary Information

### Statement of Income

[Amounts less than one million yen have been omitted.]  
(in millions of yen)

		<u>FY 2000</u> <small>(Apr.,99~Mar.,00)</small>	<u>FY 1999</u> <small>(Apr.,98~Mar.,99)</small>	Increase/ Decrease
1. Sales	1	1,466,146	1,454,017	12,128
2. Cost of sales	2	1,185,477	1,139,519	45,957
Gross profit on sales	3	280,669	314,498	-33,828
3. Selling, general and administrative expenses	4	267,602	258,856	8,745
Operating income	5	13,066	55,641	-42,574
4. Non-operating income				
Interest/dividend income	6	4,548	6,390	-1,841
Profit on sales of marketable securities	7	1,449	1,361	88
Miscellaneous revenues	8	6,743	6,809	-65
Total	9	12,741	14,560	-1,818
5. Non-operating expenses				
Interest expense	10	10,896	15,464	-4,567
Miscellaneous expenses	11	7,176	4,963	2,213
Total	12	18,073	20,427	-2,354
Ordinary income	13	7,735	49,774	-42,039
6. Extraordinary profits				
Profits on sale of fixed assets	14	23,661	5,095	18,565
Profits on sale of investment securities	15	17,323	11,055	6,268
Total	16	40,985	16,151	24,833
7. Extraordinary losses				
Loss on sales of fixed assets	17	51	-	51
Loss on retirement of fixed assets	18	3,234	3,728	-493
Past service costs relating to the pension plan	19	2,970	3,101	-131
Loss from revaluation of marketable securities	20	-	12,552	-12,552
Loss on sale of investment securities	21	4,760	693	4,067
Loss from revaluation of investment securities	22	1,142	8,738	-7,595
Restructuring of affiliates	23	5,819	6,543	-723
Provision of allowance for doubtful receivables	24	21,770	-	21,770
Provision of allowance for investment valuation	25	262	-	262
Total	26	40,010	35,356	4,653
Net income before income taxes	27	8,710	30,569	-21,859
Corporation, inhabitant and enterprise taxes	28	4,460	40	4,420
Deferred tax adjustments	29	-889	-	-889
Net income	30	5,139	30,529	-25,390
Retained earnings brought forward	31	10,280	10,341	-60
Retained earnings adjustment to reflect tax effects pertaining to temporary differences in previous periods	32	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
Unappropriated retained earnings	34	46,041	40,870	5,170

(Note) Research and development costs are included in selling, general and administrative expenses from this period.

Therefore, the amount of previous fiscal year is also disclosed including in selling, general and administrative expenses.

## **Balance Sheet**

[Amounts less than one million yen have been omitted.]

(in millions of yen)

		<u>FY 2000</u>	<u>FY 1999</u>	<u>Increase/</u>
		<u>(Mar. 31, 2000)</u>	<u>(Mar. 31, 1999)</u>	<u>Decrease</u>
<u>Assets</u>				
<u>1. Current assets</u>				
Cash and time deposits	1	167,103	113,219	53,884
Notes-receivable trade	2	4,630	4,786	-156
Accounts-receivable trade	3	127,016	104,346	22,670
Marketable securities	4	17,929	33,083	-15,153
Finished products	5	28,980	25,410	3,569
Work in process	6	18,732	21,512	-2,779
Raw materials and supplies	7	1,904	2,156	-251
Deferred tax assets	8	13,984	-	13,984
Others	9	34,401	29,131	5,270
Bad debt reserves	10	-4,530	-1,710	-2,820
Total current assets	11	<u>410,154</u>	<u>331,936</u>	<u>78,217</u>
<u>2. Fixed assets</u>				
<u>(1) Tangible fixed assets</u>				
Buildings	12	83,937	92,935	-8,997
Structures	13	17,575	19,006	-1,430
Machinery & equipment	14	115,985	113,094	2,890
Transportation equipment	15	1,298	1,229	68
Tools, furniture & fixtures	16	22,893	22,813	79
Land	17	83,632	93,681	-10,049
Construction in progress	18	25,394	38,445	-13,050
Total tangible fixed assets	19	<u>350,717</u>	<u>381,207</u>	<u>-30,489</u>
<u>(2) Intangible fixed assets</u>				
Software	20	5,758	5,084	674
<u>(3) Investments, etc.</u>				
Investment securities	21	2,595	5,472	-2,876
Investment securities for affiliates	22	166,818	168,858	-2,040
Investment in affiliates	23	7,521	7,042	479
Long-term loans receivable	24	777	90,476	-89,698
Long-term loans receivable for affiliates	25	181,397	88,826	92,570
Long-term prepaid expenses	26	5,227	6,486	-1,259
Deferred tax assets	27	11,896	-	11,896
Others	28	19,431	15,749	3,681
Bad debt reserves	29	-57,450	-26,230	-31,220
Investment valuation allowance	30	-262	-	-262
Total investments, etc.	31	<u>337,952</u>	<u>356,682</u>	<u>-18,730</u>
Total fixed assets	32	<u>694,429</u>	<u>742,974</u>	<u>-48,545</u>
<u>3. Deferred Assets</u>				
Discounts on bonds	33	26	34	-8
Total assets	34	<u>1,104,609</u>	<u>1,074,945</u>	<u>29,664</u>

(Note) Software for the purpose of internal use is included in intangible fixed assets from this period.

Therefore, the amount of previous fiscal year is also disclosed after reclassifying in intangible fixed assets.

[Amounts less than one million yen have been omitted.]  
(in millions of yen)

		FY 2000 (Mar. 31, 2000)	FY 1999 (Mar. 31, 1999)	Increase/ Decrease
<u>Liabilities</u>				
<u>1. Current liabilities</u>				
Notes payable-trade	1	16,288	13,354	2,934
Accounts payable-trade	2	133,222	121,987	11,235
Short-term loans payable	3	76,970	126,970	-50,000
Long-term loans payable due within one year	4	4,432	4,180	252
Commercial Paper	5	-	50,000	-50,000
Bonds due within one year	6	55,000	30,000	25,000
Accounts payable-other	7	9,966	12,648	-2,681
Accrued expenses	8	34,458	31,884	2,574
Accrued corporation tax, etc.	9	904	48	855
Reserve for employees' bonuses	10	15,946	15,478	468
Reserve for warranty claims	11	19,555	4,251	15,304
Others	12	2,791	5,774	-2,982
Total current liabilities	13	369,535	416,575	-47,040
<u>2. Fixed liabilities</u>				
Bonds	14	111,900	146,900	-35,000
Long-term loans payable	15	152,874	65,306	87,567
Reserve for retirement allowances	16	25,490	25,415	74
Guarantee money received	17	4,831	4,380	450
Total fixed liabilities	18	295,095	242,003	53,092
Total liabilities	19	664,631	658,578	6,052
<u>Shareholders' equity</u>				
<u>1. Capital stock</u>				
	20	120,078	120,078	-
<u>2. Legal capital surplus</u>				
	21	104,216	104,215	1
<u>3. Legal earned surplus</u>				
	22	15,507	15,018	488
<u>4. Retained earnings</u>				
(1) Reserve for general purpose				
Reserve for dividends	23	4,000	4,000	-
Reserve for advanced depreciation				
deduction of fixed assets	24	10,047	15,067	-5,019
Reserve for special depreciation	25	72	61	10
Reserve for loss from overseas investments	26	14	56	-41
Reserve for general purpose	27	140,000	117,000	23,000
Total reserve for general purpose	28	154,134	136,184	17,950
(2) Unappropriated retained earnings	29	46,041	40,870	5,170
Total retained earnings	30	200,176	177,055	23,121
Total shareholders' equity	31	439,978	416,367	23,611
Total liabilities and shareholders' equity	32	1,104,609	1,074,945	29,664

Appropriation of Retained Earnings (Draft)

	(in millions of yen)	
	FY 2000	FY 1999
	Mar. 31,2000	Mar. 31,1999
Unappropriated retained earnings	46,041	40,870
Reversal of reserve for advanced depreciation deduction of fixed assets	1,416	1,798
Reversal of reserve for special depreciation	16	34
Reversal of reserve for loss from overseas investments	14	31
Total	47,489	42,735

They will be appropriated as follows:

Legal earned surplus	244	488
Dividends	2,444 (2 yen per share)	4,889 (4 yen per share)
Reserve for general purposes	27,000	23,000
Reserve for advanced depreciation deduction of fixed assets	7,204	3,977
Reserve for special depreciation	-	97
Retained profit carried forward	10,595	10,280

(Footnote)

The reserve and the reversal of reserve for advanced depreciation, special depreciation and loss from overseas investments are determined pursuant to the Special Taxation Measures Law.

## Significant Accounting Policies

1. Evaluation standard and method of securities  
Cost standard based on moving average method
2. Evaluation standard and method of inventories  
Cost standard based on average method
3. Depreciation method of fixed assets  
Tangible fixed assets  
Declining balance method is used in accordance with the corporate tax law, except for tooling and certain buildings (excluding equipment and fixtures attached to the buildings) acquired on or after April 1, 1998 that are accounted for by straight-line method.  
  
Intangible fixed assets (Software)  
Straight-line method based on the available useful lives (5years) is used.
4. Accounting of deferred assets  
Discounts on bonds are depreciated by straight-line method over 5 years in accordance with Commercial Law.  
Bond issue expenses are recognized as expenses when incurred.
5. Accounting of reserves  
Reserve for employees' Bonuses This is to provide for the payment of bonuses to employees; the estimated amount to be charged in the current fiscal year is recognized.  
  
Reserve for warranty Claims This is to provide for the expenses of post-sales services of products; the possible warranty expense subject to written warranty in the succeeding year based on the accrual ratio in the previous fiscal years, is recognized.  
  
Reserve for retirement Allowances This is to provide for the payment of retirement allowances, and the equivalent to 40% of the amount that would be required if all the employees voluntarily retired at the end of this fiscal year is recognized. Incidentally, the adjusted pension scheme is applied corresponding to 50% of the existing retirement allowances. Starting April 1, 1993, eligible employees for this scheme have been expanded, from those retiring employees who are 55 years or over and who have a length of service of 15 years or longer, to all retiring employees. As a result of this expansion, all excess reserve for retirement allowances had already been reversed.  
  
Allowance for doubtful Receivables This is to provide for writing off bad debts. The maximum amount allowed by the prescribed rate in the corporate tax law as well as the amount considered to be necessary in the light of the financial standings of the companies having business relations with MC are recognized.  
  
Investment valuation Allowance This is to provide for loss from investments. The amount considered to be necessary in the light of the financial standings of the companies in which MC have invested are recognized.
6. Lease accounting  
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.
7. Accounting of consumption tax, etc.  
Excluding tax method

## Change in Accounting Procedures

With regard to reserve for warranty claims, the maximum amount allowed by the corporation tax law (legal ratio) had been recognized. From this period, however, it is recognized the possible warranty expense subject to written warranty in the succeeding year based on the accrual ratio in the previous fiscal years.

The effect of this change in accounting procedures on reported fiscal results is that operating income, ordinary income and net income before income taxes decreased by 15,131 million yen compared to what these amounts would have been if the previous accounting procedure were used.

## Additional Information

1. Deferred tax accounting is adopted from this fiscal year. The effects of adopting the deferred tax accounting on reported financial results are that net income and unappropriated retained earnings increased by 889 million yen and 31,511 million yen, respectively, compared to what those amounts would have been if the deferred tax accounting were not adopted. The amounts recognized as “deferred tax assets” at Current assets as well as at Fixed assets are 13,984 million yen and 11,896 million yen, respectively.
2. Research and development costs had been included in “manufacturing costs” when incurred. Referring to “The guideline for accounting standard regarding to research and development costs and software” (the Japanese Institute of Certified Public Accountants – Accounting System Committee Report No. 12), however, they are charged to “selling, general, and administrative expenses” from this fiscal year. By this change, research and development costs are included in “selling, general, and administrative expenses” in this fiscal year, amounted to 67,043 million yen. As for research and development costs that had been recognized as “manufacturing costs” by FY133 and that had been included in ending inventories as of March 31, 1999, the previous accounting standard is persistently adopted in accordance with the interim measure.
3. Regarding software for the purpose of internal use that had been included in “long-term prepaid expenses” at Investments, etc. as of March 31, 1999, the former accounting standard has been used continuously by referring to the interim measure described in Accounting System Committee Report No.12. As of the disclosure of software, they are included in “software” at Intangible fixed assets, transferred from “long-term prepaid expenses” at Investments, etc., according to the report presented above. Depreciation is computed by straight-line method using the available useful lives (5 years).
4. In this fiscal year, educational facilities, research facilities, basic distribution yards and twenty-five outlets of domestic dealers are objects of real estate trust. The beneficiary ownership is transferred and rents are collected from beneficiaries with regard to real estate. Profits accompanied with the transfer, 22,799 million yen, are recognized as “profit on sale of fixed assets” at Extraordinary profits. Furthermore, anonymous union contract is closed with transferees, and anonymous union investments that amount to 5,169 million yen are included in “Others” at Investments, etc.

## Notes to Statement of Income

	FY2000 (Apr., 99 –Mar., 00)	FY1999 (Apr., 98 –Mar., 99)
1. Total amount of research and development costs	¥ 67,043 Mil.	¥ 82,802 Mil.
2. Breakdown of profit on sale of fixed assets		
The beneficiary ownership of real estate trust	¥ 22,799 Mil.	-
Land and others	¥ 862 Mil.	¥ 5,095 Mil.
3. Breakdown of loss on retirement of fixed assets		
Machinery and equipment	¥ 2,200 Mil.	¥ 2,366 Mil.
Tools, furniture and fixtures	¥ 389 Mil.	¥ 773 Mil.
Others	¥ 644 Mil.	¥ 587 Mil.

## Notes to Balance Sheet

	FY2000 (Apr., 99 –Mar., 00)	FY1999 (Apr., 98 –Mar., 99)
1. Accumulated depreciation of tangible fixed assets	¥ 976,635 Mil.	¥ 980,062 Mil.
2. Marketable securities include treasury stocks, which are less than 1 Million yen.		
3. Assets offered in security		
Tangible fixed assets (Book value)	¥ 150,573 Mil.	¥ 145,845 Mil.
4. Long-term loans receivable include subordinated loans of 159,190 Mil. yen for which the creditor's right to the principal amounts and interests are subordinate to those of other creditors.		
5. Contingent liabilities for guarantee	¥ 818 Mil.	¥ 4,859 Mil.
Letters of awareness and similar agreements	¥ 231,786 Mil.	¥ 226,806 Mil.
6. Discount of notes receivable-trade	¥ 181 Mil.	¥ 1,030 Mil.
7. Factoring of receivables with recourse	¥ 13,780 Mil.	¥ 650 Mil.

## Lease transactions

1. Finance lease transactions other than those with unconditional title transfer clause to lessee.		
	FY2000	FY1999
Balance of leased assets at this fiscal year end	(Apr., 99 –Mar., 00)	(Apr., 98 –Mar., 99)
Equivalent of acquisition costs	¥ 150,813 Mil.	¥ 146,747 Mil.
Equivalent of accumulated depreciation	¥ 73,096 Mil.	¥ 66,711 Mil.
Equivalent of net book value	¥ 77,716 Mil.	¥ 80,035 Mil.
Balance of lease obligation for future payment at this fiscal year end	¥ 83,018 Mil.	¥ 84,996 Mil.
(Due within one year)	(¥ 20,117 Mil.)	(¥ 19,406 Mil.)
Lease fee paid for this fiscal year	¥ 23,982 Mil.	¥ 22,828 Mil.
Equivalent of depreciation	¥ 20,292 Mil.	¥ 19,364 Mil.
Equivalent of interest	¥ 4,175 Mil.	¥ 4,350 Mil.

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 computed as difference between total lease fee and acquisition cost of the leased assets. This amount is allocated to each fiscal period by interest method.

2. Operating lease transactions	FY2000	FY1999
	(Apr., 99 –Mar., 00)	(Apr., 98 –Mar., 99)
Balance of lease obligation for future payment at this fiscal year end	¥ 27,764 Mil.	¥ 58 Mil.
(Due within one year)	(¥ 1,076 Mil.)	(¥ 38 Mil.)



## 2. Unconsolidated

		(in 100 millions of yen) (in thousands of units)		FY1997/3 (FY131)		FY1998/3 (FY132)		FY1999/3 (FY133)		FY2000/3 (FY134)		FY2001/3 (FY135) Projection					
Sales	Domestic	1	47.2%	%	41.7%	%	41.5%	%	44.4%	%	47.4%	%					
	Export	2	52.8%	+6.2	58.3%	+17.0	58.5%	△3.5	55.6%	△4.2	52.6%	△0.6					
	Total	3	100.0%	△1.1	100.0%	+6.0	100.0%	△3.9	100.0%	+0.8	100.0%	+5.0					
<Ratio on sales>			△0.4%		2.1%		3.8%		0.9%		0.3%						
Operating income		4	△53	-	312	-	556	+78.2	130	△76.5	50	△61.7					
< " >			1.0%		1.7%		3.4%		0.5%		0.2%						
Ordinary income		5	139	-	259	+86.7	497	+91.8	77	△84.5	35	△54.8					
< " >			0.4%		0.8%		2.1%		0.4%		0.2%						
Net income		6	61	-	115	+88.4	305	+165.2	51	△83.2	25	△51.4					
Changes of operating income by factors		7	(Favorable Factors)		(Favorable Factors)		(Favorable Factors)		(Favorable Factors)		(Favorable Factors)						
			Vehicle Cost	+370	Vehicle Cost	+450	Vehicle Cost	+310	Vehicle Cost	+403	Vehicle Cost	+302					
			(Unfavorable Factors)		(Unfavorable Factors)		(Unfavorable Factors)		(Unfavorable Factors)		(Unfavorable Factors)						
			Exchange rate	+250	Exchange rate	+150	Exchange rate	+70	Sales Mix et	+9	Sales Mix et	+25					
			Sales Mix etc.		+50	Sales Mix etc.		△92	Exchange rate		△747	Exchange rate		△374			
			R&D, Sales exp. increase etc.		△200	R&D, Sales exp. increase etc.		△285	R&D, Sales exp. increase etc.		△44	Service, Sales exp. increase etc.		△91	Fixed cost incre. due to amorti. of shortfall of pension liabilities. etc.		△33
Exchange rate (Yen)		8	US\$@112 DM @72		US\$@123 DM @69		US\$@128 DM @74		US\$@112 DM @59		US\$@109 DM @54						
Capital investment		9	215		341		374		415		460						
Depreciation and amortization		10	434		380		373		363		360						
<Ratio on sales>			4.1%		4.6%		5.7%		4.6%		4.9%						
R & D cost		11	588		700		828		670		760						
Labor cost		12	1,509		1,669		1,714		1,773		1,890						
Total assets		13	9,970		10,148		10,749		11,046		10,800						
<Equity ratio>			37.5%		38.0%		38.7%		39.8%		40.7%						
Net worth		14	3,742		3,857		4,163		4,399		4,400						
Financial debts		15	3,980		3,941		4,233		4,011		3,417						
Net financial debts		16	3,036		2,699		3,101		2,340		1,800						
Performance of operation		17					Sales: Up Income: Down				Sales: Up Income: Down						
Domestic production volume		18	781	+1.4	873	+11.7	818	△6.3	805	△1.7	860	+6.8					
Overseas production volume		19	148	△12.5	133	△9.9	132	△0.8	151	+14.4	170	+12.4					
Wholesale volume	Domestic																
	Registered vehicle	20	331		304		297		298		331						
	Micro-Mini vehicles	21	46		41		40		46		45						
	Total	22	377	△3.5	345	△8.5	337	△2.4	344	+2.3	376	+9.1					
	Export																
	North America	23	116		137		119		177		186						
	Europe	24	169		220		272		236		238						
Others	25	181		200		155		122		147							
Total	26	466	+9.0	557	+19.5	546	△1.9	535	△2.1	571	+6.7						
Grand Total		27	843	+3.0	902	+7.0	883	△2.1	879	△0.5	947	+7.7					
<Share>			4.8%		5.1%		5.4%		5.5%		5.7%						
Retail sales volume (Incl. import car)		28	354	△0.7	322	△9.1	314	△2.2	323	+2.8	343	+6.1					
Number of employees		29	24,891		23,873		24,076		23,549		22,970						