

Unconsolidated Financial Results for FY 2003

(April 1, 2003 through March 31, 2004)



MEMBERSHIP
May 13, 2004

Mazda Motor Corporation

Code No.: 7261 Listed in Tokyo Stock Exchange

Headquartered in : Hiroshima-prefecture

(URL <http://www.mazda.co.jp>)

Representative: Hisakazu Imaki

Representative Director, President

Contact: Nobuyoshi Tochio

Dupty General manager financial services division

Phone: Hiroshima (082) 282-1111

Meeting of the Board of Directors for Account Settlement: May 13, 2004

General Meeting of Stock Holders: June 22, 2004

Adoption of Interim dividend : Adopted

Adoption of unit stock system : Adopted (One rot: 1,000stock)

1. Financial Highlights (April 1, 2003 through March 31, 2004)

(1) Financial Results

(in Japanese yen rounded off to millions)

| | Sales | | Operating Income/(Loss) | | Ordinary Income/(Loss) | |
|--------|-------------|------|-------------------------|--------|------------------------|--------|
| | Million yen | % | Million yen | % | Million yen | % |
| FY2003 | 1,661,715 | 8.1 | 20,437 | (29.7) | 11,955 | (51.4) |
| FY2002 | 1,537,610 | 12.7 | 29,074 | 11.6 | 24,579 | (13.3) |

| | Net Income/(Loss) | | Net Income/(Loss) per share | Net Income/(Loss) per share (Diluted) | Return on Equity | Ordinary Income to Total assets | Ordinary Income to Sales |
|--------|-------------------|---|--------------------------------|--|---------------------|------------------------------------|-----------------------------|
| | Million Yen | % | Yen | Yen | % | % | % |
| FY2003 | 3,051 | - | 2.51 | 2.16 | 0.8 | 0.9 | 0.7 |
| FY2002 | (50,202) | - | (41.14) | - | (11.9) | 1.8 | 1.6 |

Notes:

- Average number of shares of common stock issued:

| | |
|--------|----------------------|
| FY2003 | 1,217,820,452 shares |
| FY2002 | 1,220,396,253 shares |
- Accounting policy changes : Yes.
- Changes in sales, operating income, ordinary income, and net income from the previous period are shown in percentage.

(2) Dividends

(in Japanese yen rounded down to millions)

| | Dividends per share | | | Amount of Annual Dividends | Dividends Payout Ratio | Annual Dividends per equity |
|--------|---------------------|----------|----------|-------------------------------|---------------------------|--------------------------------|
| | Interim | Year-end | Year-end | | | |
| FY2003 | 2.00 | 0.00 | 2.00 | 2,434 | 79.8 | 0.6 |
| FY2002 | 2.00 | 0.00 | 2.00 | 2,438 | - | 0.6 |

(3) Financial Position

(in Japanese yen rounded down to millions)

| | Total assets | Shareholders' Equity | Equity Ratio | Equity per share |
|--------|--------------|----------------------|--------------|------------------|
| | Million yen | Million yen | % | Yen |
| FY2003 | 1,412,668 | 398,390 | 28.2 | 327.34 |
| FY2002 | 1,373,610 | 397,830 | 29.0 | 326.35 |

Notes:

| | | | | |
|--------------------------|-------------|----------------------|-------------|----------------------|
| Number of issued stock | Mar.31,2004 | 1,217,047,601 shares | Mar.31,2003 | 1,219,036,165 shares |
| Number of treasury stock | Mar.31,2004 | 5,449,054 shares | Mar.31,2003 | 3,460,490 shares |

2. FY2004 Financial forecast (April 1, 2004 through March 31, 2005)

| | Sales | Ordinary Income /(Loss) | Net Income /(Loss) | Dividends per share | |
|-----------|-------------|----------------------------|-----------------------|---------------------|----------|
| | Million Yen | Million Yen | Million Yen | Interim | Year-end |
| Full Year | 1,890,000 | 20,000 | 7,000 | 0.00 | 2.00 |

Reference: Net income per share for the full year: 5.75 yen

The financial projection is the judgement of our management based on the information presently available. By nature, such financial projection is subject to uncertainty and risks. 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. For further information on the above financial projection, please refer to page 7 of Supplementary Information to Consolidated Financial Results for FY 2003.

Unconsolidated Statement of Operations
For the Years Ended March 31, 2004 and 2003

(in Japanese yen rounded off to millions)

| | | FY2003 (Apr.2003-Mar.2004) | FY2002 (Apr.2002-Mar.2003) | Increase/ (Decrease) |
|--|----|---|---|---------------------------------|
| Sales | 1 | 1,661,715 | 1,537,610 | 124,105 |
| Cost of sales | 2 | 1,377,178 | 1,261,185 | 115,993 |
| Gross profit on sales | 3 | 284,537 | 276,425 | 8,112 |
| Selling, general and administrative expenses | 4 | 264,100 | 247,351 | 16,748 |
| Operating income/ (loss) | 5 | 20,437 | 29,074 | (8,637) |
| Non-operating income | | | | |
| Interest and dividend income | 6 | 3,914 | 3,112 | 801 |
| Other | 7 | 4,883 | 5,005 | (121) |
| Total | 8 | 8,797 | 8,117 | 680 |
| Non-operating expenses | | | | |
| Interest and discount expense | 9 | 7,156 | 8,006 | (850) |
| Other | 10 | 10,122 | 4,605 | 5,517 |
| Total | 11 | 17,279 | 12,611 | 4,668 |
| Ordinary income/ (loss) | 12 | 11,955 | 24,579 | (12,624) |
| Extraordinary profits | | | | |
| Profit on sale of tangible fixed assets | 13 | 513 | 34 | 479 |
| Profit on sale of investment securities | 14 | 332 | 4,130 | (3,798) |
| Other | 15 | - | 55 | (55) |
| Total | 16 | 845 | 4,219 | (3,374) |
| Extraordinary losses | | | | |
| Loss on sale of tangible fixed assets | 17 | 69 | 1,083 | (1,014) |
| Loss on retirement of tangible fixed assets | 18 | 3,666 | 3,010 | 656 |
| Loss on sale of investment securities | 19 | 65 | 595 | (530) |
| Valuation loss on investment securities | 20 | 173 | 48,873 | (48,701) |
| Valuation loss on investments | 21 | 2,788 | 2,553 | 235 |
| Loss on restructuring of subsidiaries and affiliates | 22 | 291 | 1,303 | (1,012) |
| Provision of allowance for doubtful receivables | 23 | - | 11,535 | (11,535) |
| Provision of allowance for business restructuring | 24 | - | 2,695 | (2,695) |
| Other | 25 | 114 | 505 | (391) |
| Total | 26 | 7,165 | 72,152 | (64,987) |
| Income/ (loss) before income taxes | 27 | 5,634 | (43,354) | 48,988 |
| Income taxes | | | | |
| Current | 28 | 989 | 117 | 872 |
| Deferred | 29 | 1,594 | 6,731 | (5,137) |
| Net income/ (loss) | 30 | 3,051 | (50,202) | 53,254 |
| Retained earnings/(deficit) brought forward | 31 | 17,492 | 10,614 | 6,879 |
| Reversal of land revaluation | 32 | (1,533) | (858) | (675) |
| Unappropriated retained earnings/(deficit) | 33 | 19,011 | (40,447) | 59,458 |

Unconsolidated Balance Sheet

As of March 31, 2004 and 2003

(in Japanese yen rounded off to millions)

| | | FY2003 | FY2002 | Increase/ Decrease |
|---|----|------------------|-----------------|-----------------------|
| | | (Mar. 31, 2004) | (Mar. 31, 2003) | (Decrease) |
| Assets | | | | |
| Current assets | | | | |
| Cash and time deposits | 1 | 209,896 | 175,063 | 34,832 |
| Trade notes | 2 | 87 | 8 | 79 |
| Accounts receivable | 3 | 163,221 | 154,563 | 8,659 |
| Finished products | 4 | 27,666 | 24,580 | 3,087 |
| Raw materials | 5 | 535 | 446 | 89 |
| Work in process | 6 | 26,727 | 28,376 | (1,649) |
| Supplies | 7 | 1,676 | 1,579 | 97 |
| Prepaid expenses | 8 | 733 | 978 | (245) |
| Deferred taxes | 9 | 31,380 | 25,084 | 6,296 |
| Accrued revenue | 10 | 28,587 | 28,582 | 5 |
| Other | 11 | 13,983 | 17,008 | (3,025) |
| Allowance for doubtful receivables | 12 | (7,900) | (6,113) | (1,787) |
| Total current assets | 13 | 496,591 | 450,154 | 46,437 |
| Fixed assets | | | | |
| Tangible fixed assets: | | | | |
| Buildings | 14 | 75,248 | 75,072 | 177 |
| Structures | 15 | 16,967 | 16,829 | 138 |
| Machinery and equipment | 16 | 136,938 | 137,390 | (453) |
| Transportation equipment | 17 | 1,941 | 1,673 | 268 |
| Tools, furniture and fixtures | 18 | 22,795 | 23,534 | (739) |
| Land | 19 | 294,737 | 296,083 | (1,347) |
| Construction in progress | 20 | 18,437 | 18,693 | (256) |
| Total tangible fixed assets | 21 | 567,063 | 569,275 | (2,211) |
| Intangible fixed assets: | | | | |
| Software | 22 | 13,139 | 10,794 | 2,345 |
| Investments and other assets: | | | | |
| Investment securities | 23 | 2,875 | 2,314 | 562 |
| Investment securities for affiliates | 24 | 239,363 | 237,402 | 1,961 |
| Investments | 25 | 374 | 1,580 | (1,206) |
| Investment in affiliates | 26 | 4,634 | 2,934 | 1,700 |
| Long-term loans receivable | 27 | 4,503 | 4,746 | (243) |
| Long-term loans receivable for employee | 28 | - | 1 | (1) |
| Long-term loans receivable for affiliates | 29 | 6,780 | 28,822 | (22,042) |
| Bad and doubtful receivables | 30 | 1,166 | 3,178 | (2,012) |
| Long-term prepaid expenses | 31 | 4,627 | 4,854 | (227) |
| Deferred taxes | 32 | 71,621 | 79,633 | (8,012) |
| Other | 33 | 7,374 | 8,089 | (714) |
| Allowance for doubtful receivables | 34 | (6,932) | (29,656) | 22,724 |
| Investment valuation allowance | 35 | (511) | (511) | - |
| Total investments and other fixed assets | 36 | 335,875 | 343,385 | (7,510) |
| Total fixed assets | 37 | 916,077 | 923,454 | (7,377) |
| Deferred Assets | | | | |
| Discounts on bonds | 38 | - | 2 | (2) |
| Total assets | 39 | 1,412,668 | 1,373,610 | 39,059 |

(in Japanese yen roundedoff to millions)

| | | FY2003 | FY2002 | Increase/ (Decrease) |
|---|----|------------------------|-----------------|-------------------------|
| | | (Mar. 31, 2004) | (Mar. 31, 2003) | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade notes | 1 | 1,094 | 1,515 | (421) |
| Accounts payable | 2 | 186,449 | 162,421 | 24,028 |
| Short-term loans payable | 3 | 37,450 | 43,980 | (6,530) |
| Long-term loans payable due within one year | 4 | 41,807 | 58,883 | (17,077) |
| Bonds due within one year | 5 | 67,400 | 34,846 | 32,554 |
| Other accounts payable | 6 | 18,739 | 9,752 | 8,987 |
| Accrued expenses | 7 | 58,077 | 56,799 | 1,278 |
| Sales deposits | 8 | 54 | 35 | 19 |
| Deposit received | 9 | 13,612 | 5,332 | 8,280 |
| Reserve for warranty expenses | 10 | 21,214 | 17,683 | 3,531 |
| Reserve for loss on restructuring of subsidiaries and affiliates | 11 | 254 | 3,570 | (3,316) |
| Reserve for loss on business restructuring | 12 | 2,329 | 2,695 | (366) |
| Note payable related to facilities | 13 | - | 165 | (165) |
| Other | 14 | 7,223 | 2,238 | 4,985 |
| Total current liabilities | 15 | 455,702 | 399,915 | 55,787 |
| Fixed liabilities | | | | |
| Bonds | 16 | 70,000 | 100,000 | (30,000) |
| Bonds with stock acquisition rights | 17 | 60,000 | 60,000 | - |
| Long-term loans payable | 18 | 172,924 | 173,769 | (845) |
| Deferred tax liability related to land revaluation | 19 | 91,113 | 90,833 | 280 |
| Employees' and executive officers' severance and retirement benefits | 20 | 161,998 | 148,004 | 13,994 |
| Directors' and corporate auditors' retirement benefits | 21 | 680 | 568 | 112 |
| Guaranty money received | 22 | 1,408 | 2,094 | (687) |
| Other | 23 | 455 | 597 | (142) |
| Total fixed liabilities | 24 | 558,577 | 575,865 | (17,288) |
| Total liabilities | 25 | 1,014,279 | 975,779 | 38,499 |
| Shareholders' equity | | | | |
| Common stock | 26 | 120,078 | 120,078 | - |
| Legal surplus | | | | - |
| Capital surplus reserve | 27 | 104,217 | 104,217 | - |
| Total Legal surplus | 28 | 104,217 | 104,217 | - |
| Retained earnings | | | | |
| Earned surplus reserve | 29 | 15,752 | 15,752 | - |
| Reserve for optional purpose | 30 | 8,967 | 69,344 | (60,378) |
| Reserve for advanced depreciation deduction of fixed assets | 31 | 8,935 | 9,312 | (378) |
| Reserve for special depreciation | 32 | 25 | 32 | (7) |
| Reserve for general purpose | 33 | - | 60,000 | (60,000) |
| Reserve for World Exposition | 34 | 7 | - | 7 |
| Unappropriated retained earnings/(deficit) | 35 | 19,011 | (40,447) | 59,458 |
| Total retained earnings | 36 | 43,729 | 44,649 | (920) |
| Land revaluation | 37 | 131,470 | 129,939 | 1,532 |
| Net unrealized loss on available-for-sale securities | 38 | 345 | (195) | 540 |
| Treasury stock | 39 | (1,450) | (858) | (592) |
| Total shareholders' equity | 40 | 398,390 | 397,830 | 559 |
| Total liabilities and shareholders' Equity | 41 | 1,412,668 | 1,373,610 | 39,059 |

Appropriation of retained earnings (Draft)

For the Years Ended March 31, 2004 and 2003

(in Japanese yen rounded off to millions)

| | FY 2003 | FY 2002 |
|--|----------------------|----------------------|
| | Mar. 31, 2004 | Mar. 31, 2003 |
| Unappropriated retained earnings/(deficit) | 19,011 | (40,447) |
| Reversal of reserve for general purpose | - | 60,000 |
| Reversal of reserve for advanced depreciation deduction of fixed assets | 685 | 664 |
| Reversal of reserve for special depreciation | 8 | 8 |
| Total | 19,704 | 20,225 |

They will be appropriated as follows:

| | | |
|--|-------------------|-------------------|
| Dividends | 2,434 | 2,438 |
| | (2 yen per share) | (2 yen per share) |
| Reserve for advanced depreciation deduction of fixed assets | 305 | 286 |
| Reserve for special depreciation | 970 | 1 |
| Reserve for the World Exposition | 14 | 7 |
| Retained earnings/(deficit) carried forward | 15,981 | 17,492 |

Note:

The amount of appropriation and reversal of reserve for advanced depreciation deduction of fixed assets, reserve for special depreciation and reserve for the World Exposition are based on Special Tax Treatment Law.

Significant Accounting Policies

1. Asset valuation method

(1)Securities: For the “Investment securities for affiliates” and “Available-for-sale securities”, the one which doesn’t have the market value is booked on historical cost basis based on the moving average method. “Available-for-sale securities” which has the market value is booked in fair value based on the market prices, etc. as of Mar.31,2004. The variances are all booked as “Net unrealized gain/loss on available-for-sale securities” in “Shareholder’s equity” whether they are gain or loss, and its cost of sales is calculated on moving average method.

(2)Derivatives: Market value method

(3)Inventories: Historical cost basis based on an average method

2. Depreciation method of fixed assets

(1) Tangible fixed assets: Straight-line method is used.

The useful lives and residual value are booked on the same standard as the method prescribed in the Corporate Tax Law.

(2) Intangible fixed assets: Software is amortized on straight-line method over the available useful lives (5years).

3. Accounting of deferred assets

Discount on bonds is amortized on straight-line method over the term of the bonds (5 years). And the bond issue cost is recognized as the one-time cost at the payment timing.

4. Accounting for conversion of items in foreign currencies

Debts and credits in foreign currencies are converted to Japanese yen at the exchange rate as of March 31, 2004. Exchange differences are accounted for gain or loss.

5. Standards for Recognition of reserves

(1)Reserve for warranty expenses:

Reserve for warranty expenses provides for after-sales service expenses of products. The amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects into consideration.

(2)Reserve for loss on restructuring of subsidiaries and affiliates:

Reserve for loss on restructuring of subsidiaries and affiliates provides for losses related to restructuring of subsidiaries and affiliates. The amount is estimated in light of the financial positions and other conditions of the subsidiaries and affiliates.

(3)Reserve for loss on business restructuring:

Reserve for loss on business restructuring provides for losses related to the closure of a plant in accordance with Mazda’s business restructuring plan. The amount, estimated in a reasonable manner, for such losses is recognized.

(4)Employees’ and executive officers’ severance and retirement benefits:

Employees’ and executive officers’ severance and retirement benefits provide for the costs of severance and retirement benefits to employees and executive officers.

For employees’ severance and retirement benefits, the amount estimated to have been incurred as of the end of the current year is recognized based on the estimated amount of liabilities for severance and retirement benefits and the estimated fair value of the pension plan assets at the end of the current fiscal year. The recognition of prior service cost is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred, i.e., in 12 years. The recognition of actuarial differences is also deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized, i.e., in 13 years. The amortization of net gains or losses starts from the fiscal year immediately following the year in which such gains or losses are realized.

For executive officers’ retirement benefits, the liability is provided for the amount that would be required if all eligible executive officers retired at the balance sheet date.

<Additional Information>

Commencing with the enforcement of law of defined benefit corporate pension plan, the company was authorized for the exemption of the future obligation by Minister of Health, Labor and Welfare on March 26, 2004.

The returnable amount which is the minimum reserve of our responsibility calculated this fiscal year end is 140,026 Mil yen. Assuming that the returnable amount is paid at the end of this fiscal year end, the assumption of loss is 45,419 Mil yen, come up with the appropriation of 44 clause of article 2, practical guide lines (interim report) of accounting standard for retirement benefits

(5)Directors' and corporate auditors' retirement benefits:

Directors' and corporate auditors' retirement benefits provide for the payment of retirement benefits to directors and corporate auditors. The equivalent of the amount that would be required by the internal corporate policy if all the directors and corporate auditors retired at the end of this fiscal year is recognized.

(6)Allowance for doubtful receivables:

Allowance for doubtful receivables provides for the losses from bad debt. The amount estimated to be uncollectible is recognized.

For receivables at an ordinary risk, the amount is estimated based on the past default ratio.

For receivables at a high risk and receivables from debtors under bankruptcy proceedings, the amount is estimated based on the financial standing of the debtor.

(7)Investment valuation allowance:

Investment valuation allowance provides for losses from investments. The amount is estimated in light of the financial standings of the investee companies.

6. Accounting for lease

Finance lease transactions other than those with an unconditional title transfer clause to lessee are processed according to the accounting standard of ordinary rent transaction.

7. Accounting for hedging activities

Full-deferral hedge accounting is applied.

8. Accounting of consumption tax, etc.

Tax-excluding method is applied

Accounting Change

Accounting for foreign exchange contracts:

Until the year ended March 31, 2003, Mazda Motor Corporation (the "Company") accounted for Sales and Purchase in foreign currencies and related forward foreign exchange contracts qualifying as hedges in the manner that sales and purchase hedged by qualifying forward foreign exchange contracts were translated at the corresponding foreign exchange contract rates. Commencing in April 1, 2003, however, the Company changed the accounting to the method defined as standards. Under the standards method, sales and purchases are translated in to Japanese yen at the exchange rates in effect at the dates they are transacted, and related receivables and payables are translated at the exchange rates in effect at the balance sheet dates, while forward foreign exchange contracts qualifying as hedges on those sales and purchase transactions are recognized at their fair value at the contracts qualifying as hedges on those sales and purchase transactions are recognized at their balance sheet date and changes in fair values are charged to earnings. This change was made as a result of the improvement made in the Company's internal system to properly grasp the conditions of derivative transactions.

The effects of this change for the year ended March 31, 2004 are to increase operating income by 4,546 million yen and to increase ordinary income and income before income taxes by 82 million yen.

Additional information

Real Estate Trust Contract

In September '99, the company entered into a real estate trust contract, and the beneficial ownership of property was transferred to a third party, and the real estate was leased back to the Company. The real estate includes an education facility, a research and development facility, distribution centers and stores of domestic dealers.

In addition, Mazda entered for a "Tokumei Kumiai" agreement with, and made an investment in the transferee.

In order to fairly state the Company's investment at its substantial value, the cumulative amount of investment loss that the Company is responsible for is directly deducted from the balance of the investments, with the excess of cumulative loss over investments, i.e.,1,888 million yen, is reported in the "Other" category of current liabilities.

Footnotes

Notes to Balance Sheet

| | (in millions of yen) | |
|--|-------------------------|-------------------------|
| | FY2003 (Mar.31,2004) | FY2002 (Mar.31,2003) |
| 1. Accumulated depreciation on tangible fixed assets | 950,026 | 959,727 |
| 2. Assets offered as collateral | 326,663 | 332,004 |
| Collateralized loans | 127,636 | 182,437 |
| 3. Subordinate loans receivable | 1,152 | 24,618 |
| 4. Contingent liabilities for guarantee and similar agreements | 190,886 | 243,814 |
| 5. Factoring of receivables with recourse | 9,960 | 17,553 |
| 6. In FY2000, in accordance with the Law to Partially Revise the Land Revaluation Law (Law No. 19, enacted on March 31, 2001), land owned by the Company for business uses was revalued. The deferred taxes on the unrealized gains are included in the liabilities as "Deferred Tax Liability Related to Land Revaluation". The unrealized gains on the revaluation are included in the shareholders' equity as "Land Revaluation" for the amount net of deferred taxes.. | | |

The date of revaluation: March 31, 2001

Method of revaluation:

The fair value of land is determined based on the method that are promulgated and published by the Secretary of the National Tax Agency, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). The method includes the revaluation of land for land-holding tax and reasonable adjustments including those for the timing of assessment.

At the end of this period, the difference between the total amount of fair value of the revaluated land and the total amount of revaluated book value of land for business based on the Article 10 of the Land Revaluation Law is 56,962 Mil. yen.

7. Restriction of Financial Activity

In the bond issue contract of unsecured bonds No.15, 16,17 and 18 (including negative pledge which ranks pari passu solely with other series of unsecured debenture or bonds), as long as the balance of the bonds exist, the company must maintain the net worth more than 289.3 Bil. yen on the balance sheet as of the end of the fiscal period after the payment date of the bonds.

In the bond issue contract of unsecured bonds (with subscription clause) No.4 and No.19 (including negative pledge which ranks pari passu solely with other series of unsecured debenture or bonds), as long as the outstanding balance of this bond exists, the company must maintain the net worth more than 129.7 Bil. yen on the consolidated balance sheet of the end of each fiscal year.

In the bond issue contract of unsecured bonds No.20 (including negative pledge which ranks pari passu solely with other series of unsecured debenture or bonds), as long as the outstanding balance of this bond exists, the Company must maintain the net worth more than 145.6 Bil. yen on the consolidated balance sheet of the end of each fiscal year.

Regarding the Variance of land revaluation, according to the Law of land re-valuation No.7 of the clause2-1, it is prohibited to be paid as dividends.

The increase in net worth by the valuation stipulated in the Commercial Code Enforcement Regulation is 345 million yen.

Notes to Statement of Operations

| | (in millions of yen) | |
|---|----------------------|----------------------|
| | FY2003 | FY2002 |
| | (Apr., 03 –Mar., 04) | (Apr., 02 –Mar., 03) |
| 1. Total amount of research and development costs | 74,820 | 72,905 |
| 2. Breakdown of profit on sale of fixed assets | | |
| Land and other | 508 | - |
| Structures | - | 13 |
| Machinery and equipment | 4 | 10 |
| Others | - | 10 |
| 3. Breakdown of loss on sales of tangible fixed assets | | |
| Buildings and other | 69 | - |
| Building | - | 801 |
| Others | - | 282 |
| 4. Breakdown of loss on retirement of tangible fixed assets | | |
| Machinery and equipment | 2,472 | 2,018 |
| Tools, furniture and fixtures | 886 | 739 |
| Others | 308 | 253 |

Lease transactions

| | (in millions of yen) | |
|---|----------------------|----------------------|
| | FY2003 | FY2002 |
| | (Apr., 03 –Mar., 04) | (Apr., 02 –Mar., 03) |
| 1. Finance lease transactions other than those with an unconditional title transfer clause to lessee. | | |
| Balance of leased assets at this fiscal year end | 134,127 | 136,321 |
| Equivalent of acquisition costs | 82,716 | 76,958 |
| Equivalent of accumulated depreciation | 51,411 | 59,363 |
| Equivalent of net book value at this fiscal year end | | |
| Balance of lease obligation for future payment at this fiscal year end | 53,568 | 62,634 |
| (Due within one year) | (20,779) | (19,169) |
| Lease fee paid for this fiscal year | 20,977 | 21,598 |
| Equivalent of depreciation | 17,716 | 18,206 |
| Equivalent of interest | 2,184 | 2,613 |

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 asset. This amount is allocated to each fiscal period by interest method.

| | (in millions of yen) | |
|--|----------------------|----------------------|
| | FY2003 | FY2002 |
| | (Apr., 03 –Mar., 04) | (Apr., 02 –Mar., 03) |
| 2. Operating lease transactions | | |
| Balance of lease obligation for future payment at this fiscal year end | 23,534 | 24,594 |
| (Due within one year) | (23,527) | (1,070) |

Marketable Securities

Stocks for subsidiaries and affiliates that have the market value.

| | (in million of yen) | |
|----------------------|-----------------------|-----------------------|
| | FY2003 | FY2002 |
| | (As of Mar. 31, 2004) | (As of Mar. 31, 2003) |
| Stock for affiliates | | |
| Book Value | 331 | 331 |
| Market Value | 988 | 275 |
| Difference | 658 | (56) |

Deferred Tax

1. Deferred tax assets and liabilities reflect the estimated tax effects of accumulated temporary differences between assets and liabilities for financial accounting purposes and those for tax purposes. The significant components of deferred tax assets and liabilities were as follows:

| | (in millions of yen) | |
|--|-------------------------|-------------------------|
| | FY2003 (Mar.31,2004) | FY2002 (Mar.31,2003) |
| Deferred tax assets | | |
| Allowance for doubtful receivables | 5,950 | 13,920 |
| Accrued employees' bonuses | 6,765 | 6,375 |
| Reserve for warranty claims | 8,579 | 7,059 |
| Reserve for retirement benefits | 63,992 | 57,425 |
| Loss on liquidation of affiliates | 1,901 | 1,963 |
| Denial of loss on evaluation of stocks | 26,557 | 25,430 |
| Deficit carried forward | 7,762 | 7,865 |
| Other | <u>13,142</u> | <u>14,832</u> |
| Sub total gross deferred tax assets | <u>134,648</u> | <u>134,869</u> |
| Allowance account | (24,800) | (24,039) |
| Total gross deferred tax assets | <u>109,848</u> | <u>110,830</u> |

Deferred tax liabilities

| | | |
|---|----------------|----------------|
| Reserve for advanced depreciation deduction of fixed assets, etc. | <u>(6,847)</u> | <u>(6,113)</u> |
| Net deferred tax assets | <u>103,001</u> | <u>104,717</u> |

Deferred tax liabilities related to land revaluation

| | | |
|--|----------|----------|
| Deferred tax liabilities related to land revaluation | (91,113) | (90,833) |
|--|----------|----------|

2. The effective tax rate reflected in the non-consolidated statements of income for the year ended March 31, 2004 differs from the statutory tax rate for the following reasons:

| | FY2003 (Mar.31,2004) | FY2002 (Mar 31, 2003) |
|---|-------------------------|--------------------------|
| Statutory tax rate | 41.7% | 41.7% |
| (Adjustments) | | |
| Loss on revaluation of investment securities | 13.6 | (56.3) |
| Reduction of deferred tax asset due to change of tax rate | 22.6 | (4.6) |
| Dividends receivables, etc. which are not included in taxable income | (25.3) | 1.8 |
| Sale of reevaluated land unrecognized as a differed tax asset | (8.5) | - |
| Entertainment expenses, etc. which are not deducted from taxable income | 1.7 | (0.2) |
| Other | 0.0 | 1.8 |
| Effective tax rate reflecting on the tax effect accounting | <u>45.8</u> | <u>(15.8)</u> |

3. Modification of the amount of deferred tax asset/liability due to change of tax rate

(Previous year)

For the year ended March 31,2002,the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was 41.7%. For the year ended March 31, 2003, however , the statutory tax rate was changed due to an enacted change in tax laws. As a result, for those temporary differences expected to reverse on or before March 31,2004,the statutory tax rate applied remained at 41.7%; however, for those temporary differences expected to reverse on or after April 1,2004,the statutory tax rate was changed from 41.7% to 40.4%.

The effect of this change in the statutory tax rate was to decrease deferred tax assets (net of deferred tax liabilities) by 1,986 million yen as of March 31, 2003, and to increase income tax expense for the year ended March 31, 2003 by the same amount. In addition, as of March 31,2003, deferred tax liability related to land revaluation decreased by 2,930 million yen and land revaluation increased by the same amount due to the change in the statutory tax rate.

FY 2003 Financial Summary (Unconsolidated)

May.13, 2004
Mazda Motor Corporation

| | | (in 100 millions of yen) (in thousands of units) (Upper left: ratio on sales) | | FY2002 (Apr.02-Mar.03) | | FY2003 (Apr.03-Mar.04) | | FY2004 (Apr.04-Mar.05) Projection | | |
|--|----------------|---|-----------------------------|---------------------------|----------------------------|---------------------------|---------------------------|---|-----|--------|
| | | | | | % | | % | | % | |
| Net Sales | Domestic | 1 | 5,875 | +4.6 | 6,222 | +5.9 | 6,500 | +4.5 | | |
| | Export | 2 | 9,501 | +18.3 | 10,395 | +9.4 | 12,400 | +19.3 | | |
| | Total | 3 | 15,376 | +12.7 | 16,617 | +8.1 | 18,900 | +13.7 | | |
| Operating income/(loss) | 4 | 1.9% | 290 | +11.6 | 1.2% | 204 | (29.7) | 1.1% | 200 | (2.1) |
| Ordinary income/(loss) | 5 | 1.6% | 245 | (13.3) | 0.7% | 120 | (51.4) | 1.1% | 200 | +67.3 |
| Income/(loss) before tax | 6 | (2.8%) | (433) | - | 0.3% | 56 | | 0.6% | 110 | +95.2 |
| Net income/(loss) | 7 | (3.3%) | (502) | - | 0.2% | 31 | | 0.4% | 70 | +129.4 |
| Average rate for the period | 8 | | 124 Yen/US\$ 119 Yen/EUR | | 113Yen/US\$ 133Yen/EUR | | 105Yen/US\$ 125Yen/EUR | | | |
| Transaction rate | 9 | | 124 Yen/US\$ 119 Yen/EUR | | 117Yen/US\$ 131 Yen/EUR | | 106Yen/US\$ 128Yen/EUR | | | |
| Capital investment | 10 | | 356 | | 355 | | 490 | | | |
| Depreciation and amortization | 11 | | 239 | | 266 | | 290 | | | |
| R & D cost | 12 | | 729 | | 748 | | 810 | | | |
| Total assets | 13 | | 13,736 | | 14,127 | | | | | |
| Net worth | 14 | | 3,978 | | 3,984 | | | | | |
| Financial debts | 15 | | 4,761 | | 4,617 | | | | | |
| Net financial debts | 16 | | 3,061 | | 2,618 | | | | | |
| Sales volume | Domestic total | 17 | 300 | +4.5 | 303 | +1.0 | 324 | +6.9 | | |
| | Export total | 18 | 572 | +7.1 | 590 | +3.2 | 719 | +21.9 | | |
| Domestic production units | 20 | | 777 | +6.4 | 811 | +4.5 | 859 | +5.9 | | |
| Number of employees (Excluding dispatchees) | 21 | | 18,191 | | 18,077 | | | | | |