

Unconsolidated Financial Results for FY 2003 First Half

(April 1, 2003 through September 30, 2003)

November 6, 2003

Mazda Motor Corporation

Code No: 7261

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

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Meeting of the Board of Directors for Account Settlement: November 6, 2003

Adoption of Interim dividend : Adopted

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

Listed in Tokyo Stock Exchange

Headquartered in : Hiroshima-prefecture

1. Financial Highlights (April 1, 2003 through September 30, 2003)

(1) Financial results

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

	Sales		Operating Income/ (Loss)		Ordinary Income/ (Loss)	
	million yen	%	million yen	%	million yen	%
FY2003 1st H.	796,204	8.1	23,357	173.5	16,828	124.7
FY2002 1st H.	736,804	9.4	8,541	(2.6)	7,487	(31.5)
FY2002	1,537,610		29,074		24,579	

	Net Income/ (Loss)		Net Income/(Loss) per share
	million yen	%	yen
FY2003 1st H.	8,968	129.8	7.36
FY2002 1st H.	3,903	(41.8)	3.20
FY2002	(50,202)		(41.14)

Notes:

- Average number of shares of common stock outstanding

FY2003 1st H.	1,218,472,566 shares
FY2002 1st H.	1,221,236,450 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

	Interim Dividends	Annual Dividends
	per share	per share
	yen	yen
FY2003 1st H.	0.00	-
FY2002 1st H.	0.00	-
FY2002	-	2.00

(3) Financial Position

	Total assets	Shareholders' Equity	Equity Ratio	Equity per share
	million yen	million yen	%	yen
FY2003 1st H.	1,406,629	404,029	28.7	331.97
FY2002 1st H.	1,386,872	449,868	32.4	368.38
FY2002	1,373,610	397,830	29.0	326.35

Notes:

	Sep.30, 2003	Sep.30, 2002	Mar.31, 2003
Number of shares of common stock outstanding	1,217,075,674 shares	1,221,192,103 shares	1,219,036,165 shares
Number of shares of treasury stock	5,420,981 shares	1,304,552 shares	3,460,490 shares

2. FY2003 Financial forecast (April 1, 2003 through March 31, 2004)

	Sales	Ordinary Income/ (Loss)	Net Income/ (Loss)	Dividends per share	
				Year-end	
	million yen	million yen	million yen	yen	yen
FY2003	1,660,000	14,000	4,000	2.00	2.00

Reference: Net income per share for the full year 3.29 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 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. For further information on the above financial projection, please refer to page 6 of Supplementary Information to Consolidated Financial Results for FY 2003 First Half.

Unconsolidated Statement of Operations

Six months ended September 30, 2003

With comparative figures for the six months ended

September 30, 2002 and for FY2002 ended March 31, 2003

(in Japanese yen rounded off to millions)

		FY2003 1st Half	FY2002 1st. Half	Increase/ (Decrease)	FY2002
		(Apr.2003-Sep.2003)	(Apr.2002-Sep.2002)		(Apr.2002-Mar.2003)
1. Sales	1	796,204	736,804	59,400	1,537,610
2. Cost of sales	2	648,260	606,311	41,949	1,261,185
Gross profit on sales	3	147,944	130,493	17,451	276,425
3. Selling, general and administrative expenses	4	124,587	121,952	2,635	247,351
Operating income	5	23,357	8,541	14,816	29,074
4. Non-operating income					
Interest and dividend income	6	3,409	2,186	1,223	3,112
Other	7	2,422	2,618	(195)	5,005
Total	8	5,831	4,804	1,027	8,117
5. Non-operating expenses					
Interest expense	9	3,668	4,033	(366)	8,006
Other	10	8,693	1,824	6,868	4,605
Total	11	12,361	5,858	6,503	12,611
Ordinary income	12	16,828	7,487	9,340	24,579
6. Extraordinary profits					
Profit on sale of tangible fixed assets	13	186	11	175	34
Profit on sale of investment securities	14	-	3,344	(3,344)	4,130
Other	15	31	10	21	55
Total	16	217	3,366	(3,148)	4,219
7. Extraordinary losses					
Loss on sale of tangible fixed assets	17	30	253	(223)	1,083
Loss on retirement of tangible fixed assets	18	1,546	1,173	374	3,010
Loss on sale of investment securities	19	37	675	(637)	595
Valuation loss on investment securities	20	40	36	4	48,873
Valuation loss on investments	21	2,788	-	2,788	2,553
Loss on restructuring of subsidiaries and affiliates	22	-	1,041	(1,041)	1,303
Investment valuation allowance	23	-	2,615	(2,615)	-
Provision of allowance for doubtful receivables	24	-	-	-	11,535
Provision of allowance for business restructuring	25	-	-	-	2,695
Other	26	72	165	(93)	505
Total	27	4,514	5,958	(1,444)	72,152
Income (Loss) before income taxes	28	12,531	4,895	7,636	(43,354)
Income taxes					
Current	29	423	424	(1)	117
Deferred	30	3,139	568	2,572	6,731
Net income	31	8,968	3,903	5,065	(50,202)
Retained earnings (deficit) brought forward	32	17,492	10,614	6,879	10,614
Reversal of land revaluation	33	(1,928)	265	(2,194)	(858)
Unappropriated retained earnings/(deficit)	34	24,532	14,782	9,750	(40,447)

Unconsolidated Balance Sheet

September 30, 2003

With comparative figures for March 31, 2003 and September 30, 2002

(in Japanese yen rounded off to millions)

		FY2003 1st. Half	FY2002	Increase/	FY2002 1st. Half
		(September 30, 2003)	(March 31, 2003)	(Decrease)	(September 30, 2002)
Assets					
1. Current assets					
Cash and time deposits	1	181,125	175,063	6,061	146,615
Trade notes	2	16	8	8	50
Accounts receivable	3	173,348	154,563	18,785	95,171
Inventories	4	64,355	54,980	9,375	57,707
Accrued revenue	5	31,838	28,582	3,255	66,130
Deferred taxes	6	33,950	25,084	8,866	22,207
Other	7	23,345	17,986	5,359	10,976
Allowance for doubtful receivables	8	(6,131)	(6,113)	(18)	(1,539)
Total current assets	9	501,845	450,154	51,691	397,317
2. Fixed assets					
(1) Tangible fixed assets					
Buildings	10	74,415	75,072	(657)	76,416
Machinery & equipment	11	137,096	137,390	(294)	131,430
Tools, furniture & fixtures	12	23,834	23,534	300	22,795
Land	13	295,184	296,083	(900)	296,472
Construction in progress	14	13,036	18,693	(5,657)	22,066
Other	15	18,591	18,502	89	18,154
Total tangible fixed assets	16	562,156	569,275	(7,119)	567,332
(2) Intangible fixed assets					
Software	17	11,787	10,794	993	9,337
(3) Investments and other fixed assets:					
Investment securities	18	2,361	2,314	48	3,841
Investment securities for affiliates	19	240,228	237,402	2,826	175,504
Long-term loans receivable	20	30,702	33,570	(2,868)	147,758
Deferred taxes	21	67,988	79,633	(11,645)	87,632
Other	22	19,623	20,633	(1,010)	34,994
Allowance for doubtful receivables	23	(29,551)	(29,656)	105	(25,745)
Investment valuation allowance	24	(511)	(511)	-	(11,104)
Total investments and other fixed assets	25	330,841	343,385	(12,544)	412,880
Total fixed assets	26	904,784	923,454	(18,670)	989,549
3. Deferred assets					
Discounts on bonds	27	-	2	(2)	6
Total assets	28	1,406,629	1,373,610	33,019	1,386,872

(in Japanese yen rounded off to millions)

		FY2003 1st. Half	FY2002	Increase/	FY2002 1st. Half
		(September 30, 2003)	(March 31, 2003)	(Decrease)	(September 30, 2002)
Liabilities					
1. Current liabilities					
Trade notes	1	1,530	1,515	15	3,321
Accounts payable	2	179,863	162,421	17,442	170,300
Short-term loans payable	3	40,890	43,980	(3,090)	51,310
Long-term loans payable due within one year	4	61,866	58,883	2,983	46,803
Bonds due within one year	5	20,000	34,846	(14,846)	41,900
Accrued expenses	6	57,164	56,799	366	47,470
Reserve for warranty expenses	7	19,726	17,683	2,043	16,379
Reserve for loss on restructuring of subsidiaries and affiliates	8	3,570	3,570	-	3,316
Reserve for loss on business restructuring	9	2,310	2,695	(385)	-
Other	10	25,021	17,523	7,498	18,669
Total current liabilities	11	411,941	399,915	12,026	399,468
2. Fixed liabilities					
Bonds	12	100,000	100,000	-	100,000
Bonds with stock acquisition right	13	60,000	60,000	-	-
Long-term loans payable	14	181,790	173,769	8,022	196,393
Deferred tax liability related to land revaluation	15	91,396	90,833	563	92,958
Employees' and executive officers' severance and retirement benefits	16	155,391	148,004	7,388	144,652
Directors' and corporate auditors' retirement benefits	17	611	568	43	519
Other	18	1,470	2,692	(1,221)	3,015
Total fixed liabilities	19	590,659	575,865	14,795	537,537
Total liabilities	20	1,002,600	975,779	26,821	937,005
Shareholders' equity					
1. Common stock					
	21	120,078	120,078	-	120,078
2. Capital surplus					
Capital surplus reserve	22	104,217	104,217	-	104,217
Total Capital surplus	23	104,217	104,217	-	104,217
3. Retained earnings					
(1) Earned surplus reserve	24	15,752	15,752	-	15,752
(2) Reserve for general purpose	25	8,967	69,344	(60,378)	69,344
(3) Unappropriated retained earnings/(deficit)	26	24,532	(40,447)	64,979	14,782
Total Retained earnings	27	49,251	44,649	4,602	99,878
4. Land revaluation					
	28	131,865	129,939	1,926	125,885
5. Net unrealized gain/(loss) on available-for-sale securities					
	29	60	(195)	254	147
6. Treasury stock					
	30	(1,441)	(858)	(584)	(337)
Total shareholders' equity	31	404,029	397,830	6,199	449,868
Total liabilities and shareholders' equity	32	1,406,629	1,373,610	33,019	1,386,872

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 Sep 30,2003. The variances are all booked “Shareholder’s equity” whether they are profit or loss, and its cost of sales is calculated on moving average method.
- (2) Derivatives: Fair 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 years and residual value are booked by the method equivalent to the provision prescribed in the Japanese Corporate Tax Law.
- (2) Intangible Fixed Assets
Straight-line method based on the available useful life (5 years) is used for Software.

3. Standards for Recognition of reserves

- (1) Reserve for warranty expenses:
Reserve for warranty expenses provides 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.
- (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 loss related to the closure of a plant in accordance with Mazda’s business restructuring plan. The amount is estimated in the 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 current first half 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 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 officer retired an the balance sheet date.
- (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 is recognized.

(6) Allowance for doubtful receivables:

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

For receivables at a 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 financial standing of debtors.

(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.

4. Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate on the half-year end; gains and losses in foreign currency translation are included in the income of the current period.

5. Accounting for Leases

Lease transactions other than finance lease with an unconditional title transfer clause are accounted for by the method equivalent to rental transactions.

6. Accounting for Hedging Activities

Full-deferral hedge accounting is applied.

7. Accounting of Consumption Tax, etc.

Tax-excluding method is applied.

8. Current and Deferred income taxes

For the Current and Deferred income taxes regarding this first half-year period, the amount which needs to be booked in this period is recognized on the assumption that "Reserve for advanced depreciation deduction of fixed assets", "Reserve for special depreciation" and "Reserve for World exposition".

Change of Accounting methods

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 six months ended September 30, 2003 are to increase operating income by 5,695 million yen and to increase ordinary income and income before income taxes by 168 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., 1,824 million yen, is reported in the "Other" category of current liabilities.

Notes

Notes to Balance Sheet

	(in millions of yen)		
	<u>FY2003 1st H.</u>	<u>FY2002 1st H.</u>	<u>FY2002</u>
1. Accumulated depreciation on tangible fixed assets	956,990	965,419	959,727
2. Assets offered as collateral and collateralized loans			
Assets offered as collateral	330,060	318,688	332,004
Collateralized loans	162,333	200,805	182,437
3. Subordinate loans receivable	21,884	135,157	24,618
4. Contingent Liabilities for guarantee and similar agreements	211,896	204,682	243,814
5. Factoring of receivables with recourse	11,388	21,446	17,553

Notes to Statement of Income

	(in millions of yen)		
	<u>FY2003 1st H.</u>	<u>FY2002 1st H.</u>	<u>FY2002</u>
The amount of depreciation			
Tangible fixed assets	13,232	11,998	23,914
Intangible fixed assets	1,010	930	1,934

Lease

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

	(in millions of yen)		
	<u>FY2003 1st H.</u>	<u>FY2002 1st H.</u>	<u>FY2002</u>
Balance of leased assets at this fiscal year end			
Equivalent of acquisition costs	133,354	136,649	136,321
Equivalent of accumulated depreciation	77,442	74,437	76,958
Equivalent of net book value at this fiscal year end	55,912	62,212	59,363
Future minimum lease payments as of balance sheet date	58,674	65,938	62,634
(due within one year)	(21,962)	(19,332)	(19,169)
Lease fee paid for this fiscal year	10,500	10,745	21,598
Equivalent of depreciation	8,865	9,049	18,206
Equivalent of interest	1,146	1,351	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 assets. This amount is allocated to each fiscal period by interest method.

2. Operating lease transactions			(in millions of yen)	
	<u>FY2003 1st H.</u>	<u>FY2002 1st H.</u>	<u>FY2002</u>	
Future minimum lease payments as of balance sheet date	24,067	25,120	24,594	
(due within one year)	(1,071)	(1,067)	(1,070)	

Marketable Securities

Stocks for subsidiaries and affiliates that have the market value.

			(in million of yen)	
Stock for affiliates	FY2003 1st H. (As of Sep. 30, 2003)	FY2002 1st H. (As of Sep. 30, 2002)	FY2002 (As of Mar. 31, 2003)	
BS	331	331	331	
Market Value	794	264	275	
Difference	463	(67)	(56)	

FY 2003 First Half Financial Summary (Unconsolidated)

Nov. 6, 2003
Mazda Motor Corporation

(in 100 millions of yen) (in thousands of units) (Upper left: ratio on sales)			FY2002 1st.HF (Apr.02-Sep.02)		FY2003 1st.HF (Apr.03-Sep.03)		FY2002 (Apr.02-Mar.03)		FY2003 (Apr.03-Mar.04) Projection	
				%		%		%		%
Net Sales	Domestic	1	2,949	+2.0	2,975	+0.9	5,875	+4.6	6,300	+7.2
	Export	2	4,419	+15.0	4,987	+12.8	9,501	+18.3	10,300	+8.4
	Total	3	7,368	+9.4	7,962	+8.1	15,376	+12.7	16,600	+8.0
Operating income/(loss)		4	85	(2.6)	234	+173.5	290	+11.6	140	(51.8)
Ordinary income/(loss)		5	74	(31.5)	168	+124.7	245	(13.3)	140	(43.0)
Income/(loss) before taxes		6	48	(48.3)	125	+156.0	(433)	-	50	-
Net income/(loss)		7	39	(41.8)	90	+129.8	(502)	-	40	-
Average rate for the period		8	128 Yen/US\$ 116 Yen/EUR		118 Yen/US\$ 134 Yen/EUR		124 Yen/US\$ 119 Yen/EUR		114 Yen/US\$ 129 Yen/EUR	
Transaction rate		9	128 Yen/US\$ 116 Yen/EUR		118 Yen/US\$ 131 Yen/EUR		124 Yen/US\$ 119 Yen/EUR		115 Yen/US\$ 130 Yen/EUR	
Capital investment		10	177		127		356		390	
Depreciation and amortization		11	119		132		239		260	
R & D cost		12	381		354		729		780	
Total assets		13	13,868		14,066		13,736			
Net worth		14	4,498		4,040		3,978			
Financial debts		15	4,409		4,723		4,761		4,355	
Net financial debts		16	2,943		2,912		3,061		2,891	
Sales	Registered vehicles	17	125	(2.7)	126	+0.8	254	+2.5	264	+4.0
	Micro-Mini vehicles	18	23	+26.9	20	(14.4)	46	+17.2	41	(10.7)
	Domestic total	19	148	+1.0	146	(1.6)	300	+4.5	305	+1.8
Volume	North America	20	101	(10.7)	73	(27.7)	191	(15.8)	192	+1.0
	Europe	21	102	+37.8	102	+0.3	207	+37.6	217	+4.5
	Others	22	88	+2.4	101	+13.9	174	+11.0	183	+5.1
	Export total	23	291	+6.5	276	(5.2)	572	+7.1	592	+3.5
Grand Total		24	439	+4.6	422	(4.0)	872	+6.2	897	+2.9
Domestic production units		25	395	+5.7	390	(1.4)	777	+6.4	826	+6.3
Number of employees (Excluding dispatchees)		26	18,448		18,355		18,191			