

FY2006 First Half Unconsolidated Financial Results For the Six Months Ended September 30, 2006

English Translation From the Original Japanese-Language Document



November 2, 2006

Company Name : **Mazda Motor Corporation**
(Headquartered in Hiroshima, Japan / Tokyo Stock Exchange / Code No. 7261)
URL : <http://www.mazda.co.jp>
Representative person : Hisakazu Imaki, Representative Director, President and CEO
Contact person : Tetsuya Fujimoto, General Manager, Accounting Department, Phone (082) 282-1111
BOD meeting : Meeting of the board of directors for account settlement held on November 2, 2006
Interim dividend : Adopted
Number of shares in unit stock system : 1,000shares

1. Financial Highlights (April 1, 2006 through September 30, 2006)

(1) Financial results

(in Japanese yen rounded to millions)

	Sales		Operating Income		Ordinary Income	
	million yen	%	million yen	%	million yen	%
FY2006 1st H.	1,103,019	16.9	43,137	173.0	41,271	230.7
FY2005 1st H.	943,439	1.7	15,798	4.7	12,480	(3.1)
FY2005	2,032,115		66,961		60,177	

	Net Income		Net Income per share	
	million yen	%	yen	
FY2006 1st H.	27,296	106.3	19.49	
FY2005 1st H.	13,228	229.0	10.68	
FY2005	10,984		8.48	

Notes:

- Average number of shares of common stock outstanding

FY2006 1st H.	1,400,715,211 shares
FY2005 1st H.	1,238,568,879 shares
FY2005	1,294,567,771 shares
- Accounting policy changes: No
- Changes in sales, operating income, ordinary income and net income from the previous period are shown in percentage.

(2) Financial Position

	Total assets	Shareholders' Equity	Equity Ratio	Equity per Share
	million yen	million yen	%	yen
FY2006 1st H.	1,377,580	482,107	35.0	344.12
FY2005 1st H.	1,333,778	442,993	33.2	335.54
FY2005	1,395,553	465,460	33.4	332.44

Notes:

	Sep.30, 2006	Sep.30, 2005	Mar.31, 2006
Number of shares of common stock outstanding	1,400,971,883 shares	1,320,224,727 shares	1,400,127,955 shares
Number of shares of treasury stock	8,223,961 shares	9,494,108 shares	7,214,999 shares

2. FY2006 Financial forecast (April 1, 2006 through March 31, 2007)

	Sales	Operating Income	Ordinary Income	Net Income
	million yen	million yen	million yen	million yen
Full Year	2,300,000	85,000	90,000	58,000

Reference: Net income per share for the full year 41.40 yen

3. Dividends

	Dividends per share (yen)		
	Interim dividends	Year-end dividends	Annual dividends
FY2005	0.00	5.00	5.00
FY2006(performance)	0.00	-	5.00
FY2006(forecast)	-	5.00	

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 from 7 to 9 of Supplementary Information to Consolidated Financial Results for FY 2006 First Half.

Unconsolidated Statement of Income

Six months ended September 30, 2006

With comparative figures for the six months ended

September 30, 2005 and for FY2005 ended March 31, 2006

(in Japanese yen rounded to millions)

		FY2006 1st Half	FY2005 1st Half	Increase/ (Decrease)	FY2005
		(Apr.2006-Sep.2006)	(Apr.2005-Sep.2005)		(Apr.2005-Mar.2006)
1. Sales	1	1,103,019	943,439	159,580	2,032,115
2. Cost of sales	2	912,267	782,508	129,759	1,675,976
Gross profit on sales	3	190,752	160,932	29,820	356,139
3. Selling, general and administrative expenses	4	147,616	145,134	2,482	289,178
Operating income	5	43,137	15,798	27,338	66,961
4. Non-operating income					
Interest and dividend income	6	8,762	3,945	4,817	12,506
Other	7	2,791	2,702	89	5,345
Total	8	11,553	6,647	4,906	17,851
5. Non-operating expenses					
Interest expense	9	2,771	2,744	27	5,453
Exchange loss	10	9,285	5,934	3,351	16,603
Other	11	1,363	1,287	76	2,578
Total	12	13,419	9,965	3,454	24,635
Ordinary income	13	41,271	12,480	28,790	60,177
6. Extraordinary profits					
Profit on sale of tangible fixed assets	14	20	11	9	22
Profit on sale of investment securities for affiliates	15	-	924	(924)	920
Compensation received for the exercise of eminent domain	16	-	-	-	472
Insurance claim income	17	-	896	(896)	996
Gain on the transfer to the Government of the substitutional portion of employee pension fund liabilities	18	-	54,730	(54,730)	55,191
Other	19	-	222	(222)	225
Total	20	20	56,782	(56,763)	57,826
7. Extraordinary losses					
Loss on sale of tangible fixed assets	21	144	14	131	46
Loss on retirement of tangible fixed assets	22	2,074	1,865	209	4,917
Loss on impairment of Fixed Assets	23	179	18,491	(18,312)	19,375
Loss on sale of investment securities for affiliates	24	32	-	32	-
Valuation loss on investment securities	25	29	-	29	255
Valuation loss on investment securities for affiliates	26	-	87	(87)	556
Valuation loss on investments	27	-	-	-	268
Loss on restructuring of affiliates	28	-	-	-	3,013
Reserve for loss on restructuring of affiliates	29	1,271	2,128	(857)	584
Reserve for investment valuation	30	-	8,811	(8,811)	30,005
Other	31	1	0	1	133
Total	32	3,730	31,396	(27,666)	59,151
Income (Loss) before income taxes	33	37,561	37,866	(306)	58,852
Income taxes					
Current	34	9,843	3,835	6,009	14,867
Prior year	35	-	-	-	10,166
Deferred	36	422	20,804	(20,382)	22,835
Net income	37	27,296	13,228	14,067	10,984
Retained earnings (deficit) brought forward	38	-	15,099	-	15,099
Reversal of land revaluation	39	-	(4,665)	-	(4,477)
Reversal of earned surplus reserve	40	-	15,752	-	15,752
Unappropriated retained earnings/(deficit)	41	-	39,414	-	37,357

Unconsolidated Balance Sheet

September 30, 2006

With comparative figures for March 31, 2006 and September 30, 2005

(in Japanese yen rounded to millions)

		FY2006 1st. Half	FY2005	Increase/	FY2005 1st. Half
		(September 30, 2006)	(March 31, 2006)	(Decrease)	(September 30, 2005)
Assets					
1. Current assets					
Cash and time deposits	1	92,824	138,331	(45,507)	108,459
Accounts receivable	2	149,843	161,574	(11,731)	133,913
Inventories	3	78,833	66,737	12,096	66,022
Deferred taxes	4	38,385	35,728	2,657	31,682
Accrued revenue	5	42,617	41,529	1,088	28,626
Other	6	45,685	40,719	4,966	40,568
Allowance for doubtful receivables	7	(2,562)	(5,780)	3,218	(6,568)
Total current assets	8	445,626	478,839	(33,213)	402,702
2. Fixed assets					
(1) Tangible fixed assets					
Buildings	9	80,733	80,788	(56)	79,810
Machinery & equipment	10	166,248	165,182	1,066	158,391
Tools, furniture & fixtures	11	13,662	14,745	(1,083)	12,441
Land	12	315,373	316,046	(673)	316,020
Construction in progress	13	36,637	25,699	10,939	29,736
Other	14	18,583	18,335	247	18,044
Total tangible fixed assets	15	631,236	620,796	10,440	614,442
(2) Intangible fixed assets					
Software	16	17,208	16,237	971	15,334
(3) Investments and other fixed assets					
Investment securities	17	4,299	4,433	(133)	4,328
Investment securities for affiliates	18	242,164	240,757	1,407	240,605
Long-term loans receivable	19	4,167	4,167	0	4,362
Deferred taxes	20	37,776	38,854	(1,078)	45,205
Other	21	31,297	27,665	3,632	23,071
Allowance for doubtful receivables	22	(5,677)	(5,677)	-	(6,685)
Investment valuation allowance	23	(30,516)	(30,516)	-	(9,587)
Total investments and other fixed assets	24	283,510	279,682	3,828	301,300
Total fixed assets	25	931,954	916,715	15,239	931,076
Total assets	26	1,377,580	1,395,553	(17,974)	1,333,778

(in Japanese yen rounded to millions)

		FY2006 1st. Half	FY2005	Increase/	FY2005 1st. Half
		(September 30, 2006)	(March 31, 2006)	(Decrease)	(September 30, 2005)
Liabilities					
1. Current liabilities					
Trade notes	1	903	941	(38)	986
Accounts payable	2	225,196	228,491	(3,294)	205,018
Short-term loans payable	3	1,140	1,640	(500)	12,640
Long-term loans payable due within one year	4	30,180	45,243	(15,063)	54,098
Bonds due within one year	5	20,000	-	20,000	-
Bonds with stock acquisition right within one year	6	2,870	-	2,870	-
Accrued expenses	7	78,069	75,982	2,087	72,147
Reserve for warranty expenses	8	30,939	26,671	4,268	23,817
Reserve for loss on restructuring of affiliates	9	1,855	584	1,271	2,128
Other	10	51,637	56,889	(5,251)	31,687
Total current liabilities	11	442,790	436,441	6,350	402,521
2. Fixed liabilities					
Bonds	12	45,000	65,000	(20,000)	65,000
Bonds with stock acquisition right	13	-	3,437	(3,437)	27,190
Long-term loans payable	14	213,776	226,907	(13,131)	193,596
Deferred tax liability related to land revaluation	15	93,711	93,713	(2)	93,840
Employees' and executive officers' severance and retirement benefits	16	95,333	100,036	(4,703)	104,764
Directors' and corporate auditors' retirement benefits	17	691	837	(146)	781
Other	18	4,172	3,723	449	3,091
Total fixed liabilities	19	452,683	493,652	(40,969)	488,263
Total liabilities	20	895,473	930,093	(34,620)	890,785
Shareholders' equity					
1. Common stock					
	21	-	148,360	-	136,483
2. Capital surplus					
Capital reserve	22	-	58,250	-	46,373
Other capital surplus	23	-	74,135	-	74,250
Total Capital surplus	24	-	132,385	-	120,624
3. Earned surplus					
(1) Reserve for optional purpose	25	-	13,274	-	13,274
(2) Unappropriated profit	26	-	37,357	-	39,414
Total earned surplus	27	-	50,631	-	52,688
4. Land revaluation					
	28	-	135,372	-	135,560
5. Net unrealized gain on available-for-sale securities					
	29	-	1,018	-	654
6. Treasury stock					
Total shareholders' equity	30	-	(2,306)	-	(3,016)
Total liabilities and shareholders' equity	31	-	465,460	-	442,993
	32	-	1,395,553	-	1,333,778

(in Japanese yen rounded to millions)

	FY2006 1st. Half	FY2005	Increase/	FY2005 1st. Half
	(September 30, 2006)	(March 31, 2006)	(Decrease)	(September 30, 2005)
Shareholders' Equity				
1. Paid-In Capital and Retained Earnings:				
1. Common stock	33	148,643	-	-
2. Capital surplus				
(1) Capital reserve	34	58,533	-	-
(2) Other capital surplus	35	74,043	-	-
Total Capital surplus	36	132,576	-	-
3. Retained earnings				
Other earned surplus	37	70,930	-	-
Reserve for deduction of fixed assets	38	11,843	-	-
Reserve for special depreciation	39	624	-	-
Unappropriated retained earnings	40	58,462	-	-
Total retained earnings	41	70,930	-	-
4. Treasury Stock	42	(3,489)	-	-
Total paid-in capital and retained earnings	43	348,660	-	-
2. Valuation and Translation Adjustments:				
1. Net unrealized gain on available-for-sale securities	44	962	-	-
2. Net loss on derivative instruments	45	(2,894)	-	-
3. Land revaluation	46	135,369	-	-
Total valuation and translation adjustments	47	133,437	-	-
3. Stock Acquisition Rights	48	10	-	-
Total Shareholders' Equity	49	482,107	-	-
Total Liabilities and Shareholders' Equity	50	1,377,580	-	-

Unconsolidated Statement of Shareholders' Equity

Six months ended September 30, 2006

(in Japanese yen rounded to millions)

		Paid-In Capital and Retained Earnings					
		Capital surplus		Retained earnings		Total	
		Common stock	Capital reserve	Other capital surplus	other earned *	Treasury stock	Paid-In Capital and Retained Earnings
Balance at March 31, 2006	1	148,360	58,250	74,135	50,631	(2,306)	329,070
Changes during the period:							
Exercise of stock acquisition right	2	283	283				567
Cash dividends paid	3				(7,001)		(7,001)
Land revaluation	4				3		3
Net income	5				27,296		27,296
Acquisition of treasury stock	6					(1,629)	(1,629)
Re-issuance of treasury stock	7			(93)		447	354
Net changes during the period	8	283	283	(93)	20,298	(1,182)	19,590
Balance at September 30, 2006	9	148,643	58,533	74,043	70,930	(3,489)	348,660

(in Japanese yen rounded to millions)

		Valuation and Translation Adjustments					
		Net unrealized gain (loss) available-for-sale securities	Net on gain (loss) on derivative instrumrnts	on Land revaluation	Total Valuation and translation adjustments	Stock acquisition rights	Total Shareholders' Equity
Balance at March 31, 2006	10	1,018	-	135,372	136,390	-	465,460
Changes during the period:							
Exercise of stock acquisition right	11					-	567
Cash dividends paid	12					-	(7,001)
Land revaluation	13					-	3
Net income	14					-	27,296
Acquisition of treasury stock	15					-	(1,629)
Re-issuance of treasury stock	16					-	354
Net changes in accounts other than paid-in capital and retained earnings	17	(56)	(2,894)	(3)	(2,954)	10	(2,944)
Net changes during the period	18	(56)	(2,894)	(3)	(2,954)	10	16,646
Balance at September 30, 2006	19	962	(2,894)	135,369	133,437	10	482,107

* breakdown of other earned surplus

(in Japanese yen rounded to millions)

		Reserve for deduction of fixed assets	Reserve for special depreciation	Reserve for World exposition	Unappropriated retained earnings	Other earned surplus
Balance at March 31, 2006	20	12,442	796	36	37,357	50,631
Changes during the period:						
Cash dividends paid	21				(7,001)	(7,001)
Transfer to reserve (deduction of fixed assets)	22	258			(258)	-
Transfer from reserve (deduction of fixed assets)	23	(856)			856	-
Transfer to reserve (special depreciation)	24		33		(33)	-
Transfer from reserve (special depreciation)	25		(205)		205	-
Transfer from reserve (World exposition)	26			(36)	36	-
Land revaluation	27				3	3
Net income	28				27,296	27,296
Net changes during the period	29	(598)	(172)	(36)	21,105	20,298
Balance at September 30, 2006	30	11,843	624	-	58,462	70,930

Significant Accounting Policies

1. Asset valuation standards and methods

- (1) Securities: Investment securities for affiliates: Historical cost basis based on moving average method

Other Securities

Marketable Securities:

Market value method based on the market price as of the end of current first half year. (The variances are all booked as "Net unrealized loss on available-for-sale securities" in "Shareholder's equity" whether they are profit or loss, and its cost of sales is calculated on moving average method.)

Non-marketable Securities:

Historical cost basis based on moving average method

- (2) Derivatives instruments: Mainly 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 life 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. 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 affiliates:

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

- (3) 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 by the internal corporate policy if all eligible executive officer retired on the balance sheet date.

- (4) 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.

- (5) 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.
- (6) 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. 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.
5. Accounting for Hedging Activities
Full-deferral hedge accounting is applied.
Also, for certain interest swap contracts that are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.
The forward exchange contract designated as hedging a foreign-currency-loan receivable is translated into yen at the fixed exchange rate stipulated in the contract.
6. Accounting of Consumption Tax, etc.
Tax-excluding method is applied.
7. 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" and "Reserve for special depreciation" are accumulated and reversed at the end of this first half in a profit appropriation.

Adoption of New Accounting Standards

1. Presentation of Shareholders' Equity in the Unconsolidated Balance Sheet

Commencing in the six months ended September 30, 2006, Mazda Motor Corporation ("the Company") adopted the Accounting Standards Board of Japan ("ASBJ") Statement No.5, *Accounting Standards for Presentation of Net Assets in the Balance Sheet*, and the ASBJ Guidance No.8, *Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet*, both issued by the ASBJ on December 9, 2005.

The adoption of the new standards has no impacts in income. If the shareholders' equity of the unconsolidated balance sheet at September 30, 2006 has been presented under the standards effective until the prior period, the total shareholders' equity would have been 484,991 million yen.

As the accounting standards for the preparation of interim (first-half) unconsolidated financial statements were revised, commencing in the six months ended September 30, 2006, the interim (first-half) unconsolidated financial statements were prepared in accordance with the revised statements.

2. Accounting for share-based payment

Commencing in the six months ended September 30, 2006, the Companies adopted the ASBJ Statement No.8, *Accounting Standard for Share-based Payment*, issued by the ASBJ on December 27, 2005 and the ASBJ Guidance No.11, *Guidance on Accounting standard for Share-based payment*, last revised by the ASBJ on May 31,2006.

The effects of adopting the new standard for the six months ended September 30, 2006 were to decrease operating income, ordinary income and income before income taxes by 9 million yen.

Notes

Notes to Balance Sheet

	(in millions of yen)		
	<u>FY2006 1st H.</u>	<u>FY2005 1st H.</u>	<u>FY2005</u>
1. Accumulated depreciation on tangible fixed assets	885,098	902,097	887,381
2. Assets offered as collateral and collateralized loans			
Assets offered as collateral	352,676	345,179	352,473
Collateralized loans	46,586	69,269	51,865
3. Subordinate loans receivable	1,617	1,904	1,610
4. Contingent Liabilities for guarantee and similar agreements	147,429	154,873	124,599
5. Factoring of receivables with recourse	15,950	20,720	24,920

Notes to Statement of Income

1. Loss on Impairment of Fixed Assets

FY2006 1st H. (September 30, 2006)

(1) Assets groups for which an impairment loss was recognized

<u>Usage</u>	<u>Location</u>	<u>Type</u>	<u>(in millions of yen)</u>
-Idle assets: (sales facilities)	1 location, including Kasukabe -city, Saitama-prefecture Land	Buildings and structures	6
			<u>5</u>
		Sub-total	11
-Idle assets (production equipment)	3 locations, including Aki-gun, Hiroshima-prefecture	Machinery and equipment Tools, furniture and fixtures	71
			<u>97</u>
		Sub-total	<u>168</u>
		Total	<u><u>179</u></u>

(2) Grouping of assets

Assets were grouped into assets held for use, idle assets, and assets held for rent. Furthermore, idle assets and assets held for rent were individually grouped by each item.

(3) Recognition of an Impairment Loss

For the idle assets without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable. The reduction in the carrying amount was recognized as an impairment loss. The impairment loss (97 million yen) on tools, furniture and fixtures under the production equipment category included long-lived tooling for the production of parts to be sold individually.

(4) Estimation of an Amount Recoverable

The recoverable amount of an idle asset group was estimated based on the net amount that the asset could be sold (net selling amount). For land, the net selling amount was estimated based on a third-party appraisal. For other idle assets, the net selling amount is nominal.

FY2005 1st H. (September 30, 2006)

(1) Asset groups for which an impairment loss was recognized

<u>Usage</u>	<u>Location</u>	<u>Type</u>	<u>(in million of yen)</u>
-Idle assets (distribution centers)	20 locations, including Higashi Nada-ku, Kobe-city	Buildings and structures	2,483
		Machinery and equipment	663
		Tools, furniture and fixtures	3
		Land	<u>1,874</u>
		Sub-total	5,023
-Idle assets: (production equipment)	3 locations, including Aki-gun, Hiroshima-prefecture	Machinery and equipment	2,539
		Tools, furniture and fixtures	<u>10,929</u>
		Sub-total	<u>13,468</u>
		Total	<u><u>18,491</u></u>

(2) Grouping of assets

Assets were grouped into assets held for use, idle assets, and assets held for rent. Furthermore, idle assets and assets held for rent were individually grouped by each item.

(3) Recognition of an Impairment Loss

For the idle assets without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable. The reduction in the carrying amount was recognized as an impairment loss. The impairment loss (10,929 million yen) on tools, furniture and fixtures under the production equipment category included long-lived tooling for the production of parts to be sold individually.

(4) Estimation of an Amount Recoverable

The recoverable amount of an idle asset group was estimated based on the net amount that the asset could be sold (net selling amount). For land, the net selling amount was estimated based on a third-party appraisal. For other idle assets, the net selling amount is nominal.

FY2005(March 31, 2006)

(1) Asset group for which an impairment loss was recognized

<u>Usage</u>	<u>Location</u>	<u>Type</u>	<u>(in million of yen)</u>
-Idle assets (distribution centers)	20 locations, including Higashi Nada-ku, Kobe-city	Buildings and structures	2,485
		Machinery and equipment	663
		Tools, furniture and fixtures	5
		Land	<u>1,874</u>
		Sub-total	5,028
-Idle assets: (production equipment)	3 locations, including Aki-gun, Hiroshima-prefecture	Machinery and equipment	3,321
		Tools, furniture and fixtures	<u>11,026</u>
		Sub-total	<u>14,347</u>
		Total	<u><u>19,375</u></u>

(2) Grouping of assets

Assets were grouped into assets held for use, idle assets, and assets held for rent. Furthermore, idle assets and assets held for rent were individually grouped by each item.

(3) Recognition of an Impairment Loss

For the idle assets without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable. The reduction in the carrying amount was recognized as an impairment loss. The impairment loss (11,026million yen) on tools, furniture and fixtures under the production equipment category included long-lived tooling for the production of parts to be sold individually.

(4) Estimation of an Amount Recoverable

The recoverable amount of an idle asset group was estimated based on the net amount that the asset could be sold (net selling amount). For land, the net selling amount was estimated based on a third-party appraisal. For other idle assets, the net selling amount is nominal.

	(in millions of yen)		
	<u>FY2006 1st H.</u>	<u>FY2005 1st H.</u>	<u>FY2005</u>
2. The amount of depreciation			
Tangible fixed assets	15,861	15,041	30,755
Intangible fixed assets	1,919	1,750	3,609

Unconsolidated Statement of Changes in Net Assets

Treasury stock				(in thousands of shares)
Type of stock	Number of treasury shares at March 31, 2006	Increases	Decreases	Number of treasury shares at September 30, 2006
Common stock	7,215	2,149	1,140	8,224

The number of treasury shares increased during the period due to:

Acquisition of treasury stock to meet the needs related to stock options	2,103 thousand shares
Purchase of less-than-one-unit shares from shareholders	46 thousand shares

The number of treasury shares decreased during the period due to:

Re-issuance of treasury stock to meet the needs related to stock options	1,137 thousand shares
Requests for additional purchase of less-than-one-unit shares by shareholders	3 thousand shares

Marketable Securities

FY2005 1st H.

We have no Investment securities for affiliates which have the market value.

FY2006 1st H.

We have no Investment securities for affiliates which have the market value.

FY2006

We have no Investment securities for affiliates which have the market value.

Lease

Lease was omitted in exchange for release on EDINET.

Other

In June of 2006, the Company received reassessment of income taxes from the Hiroshima Regional Taxation Bureau with respect to the transactions between the Company and its overseas subsidiary. In turn, in August 2006, the Company filed a petition and formally requested for bilateral consultations between the two countries as transfer pricing matter to obtain relief from double taxation under the applicable tax treaties.

In the year ended March 31, 2006, the Company recognized expected tax payment for the reassessment as prior year income taxes in the unconsolidated statement of income. Therefore, the reassessment has no impacts in the unconsolidated statement of income for the year ending March 31, 2007.

FY 2006 First Half Financial Summary (Unconsolidated)

 Nov 2, 2006
 Mazda Motor Corporation

		(in 100 millions of yen) (in thousands of units) (Upper left: ratio on sales)		FY2005 1st.HF (Apr.05 - Sep.05)		FY2006 1st.HF (Apr.06 - Sep.06)		FY2005 (Apr.05 - Mar.06)		FY2006 (Apr.06 - Mar.07) Projection		FY2006 (Apr.06 - Mar.07) Prior Projection			
					%		%		%		%		%		
Net Sales	Domestic	1	3,277	+9.8		3,362	+2.6	6,708	+6.5	6,900	+2.9	7,200	+7.3		
	Export	2	6,157	(2.2)		7,668	+24.5	13,613	+11.5	16,100	+18.3	15,700	+15.3		
	Total	3	9,434	+1.7		11,030	+16.9	20,321	+9.8	23,000	+13.2	22,900	+12.7		
Operating income/(loss)		4	1.7%		3.9%	158	+4.7	431	+173.0	670	+165.8	850	+26.9	700	+4.5
Ordinary income/(loss)		5	1.3%		3.7%	125	(3.1)	413	+230.7	602	+253.8	900	+49.6	800	+32.9
Income/(loss) before taxes		6	4.0%		3.4%	379	+318.1	376	(0.8)	589	+287.8	840	+42.7	750	+27.4
Net income/(loss)		7	1.4%		2.5%	132	+229.0	273	+106.3	110	+78.7	580	+428.0	500	+355.2
Average rate for the period		8	110Yen/US\$ 136Yen/EUR		115Yen/US\$ 146Yen/EUR				113Yen/US\$ 138Yen/EUR		113Yen/US\$ 143Yen/EUR		110Yen/US\$ 135Yen/EUR		
Transaction rate		9	106Yen/US\$ 137Yen/EUR		114Yen/US\$ 141Yen/EUR				110Yen/US\$ 137Yen/EUR		114Yen/US\$ 142Yen/EUR		110Yen/US\$ 136Yen/EUR		
Capital investment		10	301			281		567		670		670			
Depreciation and amortization		11	150			159		308		320		320			
R & D cost		12	454			459		800		930		930			
Total assets		13	13,338			13,776		13,956							
Shareholders' Equity		14	4,430			4,821		4,655							
Financial debts		15	3,598			3,166		3,485							
Net financial debts		16	2,514			2,238		2,101							
	Domestic total	17	156	+8.0		144	(7.8)	311	+0.7	295	(5.1)	311	+0.1		
	Export total	18	350	+5.6		403	+15.2	752	+9.7	864	+14.9	847	+12.6		
Wholesales		19	507	+6.4		548	+8.1	1,063	+6.9	1,159	+9.0	1,158	+8.9		
Domestic production units		20	435	+11.1		471	+8.4	904	+11.3	990	+9.5	998	+10.4		
Number of employees (Excluding dispatchees)		21	18,946			19,971		18,995							

* Commencing in the six months ended September 30, 2006, Mazda Motor Corporation ("the Company") adopted the Accounting Standards Board of Japan ("ASBJ") Statement No.5, *Accounting Standards for Presentation of Net Assets in the Balance Sheet*, and the ASBJ Guidance No.8, *Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet*, both issued by the ASBJ on December 9, 2005.