

Consolidated Financial Statements

Consolidated Balance Sheet

(Unit: Millions of yen)

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Assets		
Item	3/31/2006	3/31/2007
(Assets)	1,557,570	1,778,693
Current assets	842,306	1,059,633
Cash and cash deposits.....	259,045	358,058
Trade notes and accounts receivable.....	179,101	195,021
Finance receivables.....	39,278	40,480
Marketable securities.....	5,365	12,225
Inventories.....	257,946	351,991
Short-term loans receivable.....	2,047	3,277
Deferred tax assets.....	1,206	846
Other current assets.....	124,120	124,825
Allowance for doubtful accounts.....	△25,805	△27,092
Non-current assets	715,263	719,060
Property, plant and equipment.....	506,007	517,464
Intangible fixed assets.....	25,836	38,530
Long-term finance receivables.....	8,365	18,872
Investment securities.....	74,126	71,460
Long-term loans receivable.....	12,900	13,262
Residual interest in securitized assets.....	69,751	9,358
Deferred tax assets.....	7,413	8,468
Other non-current assets.....	65,841	59,545
Allowance for doubtful accounts.....	△54,979	△17,903
Total assets	1,557,570	1,778,693

Liabilities, minority interest & stockholders' equity		
Item	3/31/2006	3/31/2007
(Total liabilities)	1,276,311	1,470,389
Current liabilities	867,160	1,110,874
Trade notes and accounts payable.....	333,842	451,053
Short-term loan payable.....	244,362	352,044
Other current liabilities.....	288,955	307,776
Non-current liabilities	409,150	359,514
Bonds, Long-term loan payable.....	203,389	151,806
Others.....	205,760	207,708
(Minority interest)	12,580	—
(Total stockholders' equity)	268,678	—
Common & preferred stock.....	657,336	—
Capital surplus.....	432,648	—
Retained earnings.....	△749,198	—
Unrealized gains/losses on securities.....	9,046	—
Translation adjustments.....	△81,142	—
Treasury stock.....	△12	—
Total liabilities, minority interest and stockholders' equity	1,557,570	—
(Total net assets)	—	308,304
Total stockholders' equity	—	349,528
Common & preferred stock.....	—	657,342
Capital surplus.....	—	432,654
Retained earnings.....	—	△740,454
Treasury stock.....	—	△13
Total valuation and translation adjustments	—	△53,746
Unrealized gains/losses on securities.....	—	10,132
Deferred gains/losses on hedge activities.....	—	1,393
Translation adjustments.....	—	△65,272
Minority interest	—	12,522
Total liabilities and net assets	—	1,778,693

Total Assets: An increase of ¥221.1 billion from as of March 31, 2006

The increase mainly reflected an increase of ¥99.0 billion in cash and cash equivalents, from ¥259.0 billion to ¥358.1 billion, partly due to a significant increase in trade notes and accounts payable as the closing date fell on a bank holiday, and an increase of ¥94.0 billion in inventories as the period for new model launches in Japan and North America coincided with the busy season at the end of the fiscal year.

Total Liabilities: An increase of ¥194.1 billion from as of March 31, 2006

The increase mainly reflected an increase in trade notes and accounts payable, as well as an increase in borrowing to procure funds necessary for executing revitalization programs.

Net Assets: An increase of ¥27.0 billion from as of March 31, 2006

The increase mainly reflected profit recorded for the accounting term.

Note:

The Company Law, effective from May 1, 2006 in Japan, eliminates the "stockholders' equity" section from the balance sheet and now uses "net assets" instead to more clearly represent the financial position of a business, including the ability to make payments. This change is designed to require the business to report items attributable to assets in the "assets" section of the balance sheet, to report items attributable to liabilities in the "liabilities" section and to report items attributable to neither assets nor liabilities in the "net assets" section, showing the balance between assets and liabilities. MMC reported "net assets" at ¥281,259 million as of March 31, 2006.

Consolidated statements of income / loss

(Unit: Millions of yen)

Item	4/1/'05-3/31/'06	4/1/'06-3/31/'07
Net sales	2,120,068	2,202,869
Cost of sales.....	1,700,524	1,788,897
Reversal of deferred profit on installment, sales.....	0	0
Gross profit	419,544	413,972
Selling, general and administrative expenses.....	412,760	373,735
Operating income/loss	6,783	40,237
Non-operating income.....	9,689	11,351
Non-operating expenses.....	34,253	33,046
Ordinary income/loss	△17,780	18,542
Extraordinary gains.....	9,153	23,401
Extraordinary losses.....	74,119	18,839
Net income/loss before income taxes	△82,745	23,104
Income taxes.....	7,909	12,303
Minority interest.....	△1,511	△2,055
Net income / loss	△92,166	8,745

Net sales increased by ¥82.8 billion from FY2005

(Key negative factors) Nearly 10% decrease in the sales volume from FY2005 and a decrease in the OEM production volume due to the termination of the Smart model production

Operating income increased by ¥33.4 billion from FY2005

(Key positive factors) Effect from the yen's depreciation against the US dollar and changes in the vehicle model portfolio
(Key negative factors) An increase in sales costs and a substantial increase in raw material costs

Ordinary income increased by ¥36.3 billion from FY2005, restoring profitability

(Key positive factors) Improvement in operating income and improved balance between interest receivable and payable
(Key negative factors) Cost for reorganizing sales companies in Japan and early retirement allowance payments outside Japan

Net income increased by ¥100.9 billion from FY2005, marking a return to profitability

(Key positive factors) Improvement in ordinary income, elimination of a large amount of impairment losses and restructuring charges recorded in FY2005, the settlement money received upon termination of a real-estate trust, and gains from sales of securities

Consolidated statements of capital surplus and retained earnings

(Unit: Millions of yen)

Item	4/1/'05-3/31/'06
Capital surplus	
Capital surplus at beginning of term.....	417,612
Increase in capital surplus.....	15,035
Capital surplus at end of term.....	432,648
Retained earnings	
Retained earnings at beginning of term.....	△656,068
Decrease in retained earnings.....	93,129
Retained earnings at end of term.....	△749,198

Consolidated statements of changes in net assets

FY2006 full year 4/1/'06-3/31/'07

(Unit: Millions of yen)

Item	Stockholders' equity				
	Common and preferred stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2006.....	657,336	432,648	△749,198	△12	340,774
Total changes in items during the period.....	5	5	8,743	△0	8,753
Issuance of stock.....	5	5			11
Net income.....			8,745		8,745
Acquisition of treasury stock.....				△0	△0
Decrease due to new consolidation.....			△1		△1
Net changes in items other than stockholders' equity.....					
Balance as of March 31, 2007.....	657,342	432,654	△740,454	△13	349,528

(Unit: Millions of yen)

Item	Valuation and translation adjustments				Minority interest	Total net assets
	Unrealized gains/ losses on securities	Deferred gains/ losses on hedge activities	Foreign currency translation adjustments	Total Valuation and translation adjustments		
Balance as of March 31, 2006.....	9,046	—	△81,142	△72,095	12,580	281,259
Total changes in items during the period.....	1,085	1,393	15,869	18,349	△58	27,045
Issuance of stock.....						11
Net income.....						8,745
Acquisition of treasury stock.....						△0
Decrease due to new consolidation.....						△1
Net changes in items other than stockholders' equity.....	1,085	1,393	15,869	18,349	△58	18,291
Balance as of March 31, 2007.....	10,132	1,393	△65,272	△53,746	12,522	308,304

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

Item	4/1/'05-3/31/'06	4/1/'06-3/31/'07
Cash flows from operating activities.....	54,430	162,345
Cash flows from investing activities.....	△84,811	△46,017
Cash flows from financing activities.....	△18,955	△11,287
Effect of exchange rate changes on cash and cash equivalents.....	2,557	11,326
Net change in cash and cash equivalents.....	△46,779	116,367
Cash and cash equivalents at beginning of year.....	294,903	248,069
Change in cash and cash equivalents due to inclusion and exclusion of subsidiaries in consolidation....	△54	△167
Cash and cash equivalents at end of year.....	248,069	364,268