

(TRANSLATION OF ORIGINAL JAPANESE)

FY2003 Half Year Results: Non-consolidated Statements

11 Nov 2003

(1 April 2003 through 30 September 2003)

Mitsubishi Motors Corporation

Code No: 7211

Listed on: Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo stock exchanges

Head office: Tokyo

URL: <http://www.mitsubishi-motors.com>

Representative: Rolf Eckrodt; President & CEO

Contact: Yoichi Yokozawa; Head of IR Office Tel: 03-6719-4206

Meeting of Board of Directors for FY2003 half year results: 11 November 2003

Provision for half year dividend: Provision exists

Date of payment of half-year dividend:

Unit stock system adopted: Yes (1 block = 1,000 shares)

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

(1) Non-consolidated results

	Sales		Operating profit		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2003 half year	671,796	- 29.3	- 1,883	-	- 10,517	-
FY2002 half year	950,231	7.3	518	-	2,077	-
FY2002 full year	1,877,276		50,123		47,756	

	Net income		Net income per share -basic
	Million yen	%	Yen
FY2003 half year	- 6,103	-	- 4.11
FY2002 half year	- 14,998	-	- 10.20
FY2002 full year	- 2,649		- 1.80

Note 1: Average number of shares issued and outstanding during term:

FY2003 half year 1,483,431,916 FY2002 half year 1,470,163,031 FY2002 full year 1,473,719,843

Note 2: No accounting policy changes have been implemented during the term.

Note 3: Sales, operating income and ordinary income percentages indicate changes over the same half-year period in previous fiscal year.

(2) Cash dividends

	Cash dividend per share	
	Half year	Year-end
	Yen	Yen
FY2003 half year	0.00	-
FY2002 half year	0.00	-
FY2002 full year	-	0.00

(3) Non-consolidated financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2003 half year	1,393,044	300,055	21.5	202.27
FY2002 half year	1,575,802	292,124	18.5	198.70
FY2002 full year	1,344,817	312,346	23.2	210.56

Note: Average number of shares issued and outstanding at term end:

FY2003 half year 1,483,429,570 FY2002 half year 1,470,162,763 FY2002 full year 1,483,434,189

Treasury stock at term end:

FY2003 half year 9,364 FY2002 half year 861 FY2002 full year 4,745

2. FY2003 full year non-consolidated results forecast (1 April 2003 through 31 March 2004)

	Sales	Ordinary income	Net income	Dividend per share	
				Year-end	
	Million yen	Million yen	Million yen	Yen	Yen
FY2003 full year	1,440,000	0	10,000	Undecided	Undecided

Note: Forecast net income per share for full year: ¥6.74

CAUTIONARY STATEMENT: These forecasts are based on judgments and estimates that have been made on the basis of currently available information and are subject to a number of risks, uncertainties and assumptions. Changes in the company's business environment, in market trends and in exchange rates may cause actual results to differ materially from these forecasts.

# 1.Sales figures

## (1) Sales volume

Units

	1 April 2003 - 30 september 2003			1 April 2002 - 30 september 2002			Change in total
	Domestic	Export	Total	Domestic	Export	Total	
Passenger cars (regular & small-size)	62,675	190,999	253,674	43,890	218,772	262,662	- 8,988
Mini vehicles	112,822	-	112,822	105,179	-	105,179	7,643
Trucks	-	-	-	30,213	16,961	47,174	- 47,174
Buses	-	-	-	1,784	1,712	3,496	- 3,496
Total	175,497	190,999	366,496	181,066	237,445	418,511	- 52,015

## (1) Sales amount

Million yen

	1 April 2003 - 30 september 2003			1 April 2002 - 30 september 2002			Change in total
	Domestic	Export	Total	Domestic	Export	Total	
Vehicle sales	191,627	262,693	454,320	279,171	381,032	660,203	- 205,883
Parts for overseas production	-	103,140	103,140	-	148,696	148,696	- 45,556
Parts, accessories & others	37,439	76,897	114,336	66,666	74,666	141,332	- 26,996
Total	229,066	442,730	671,796	345,837	604,394	950,231	- 278,435

## 2. Profit and loss statements (1 April 2003 - 30 september 2003)

Million yen

	FY2003 half year (4/1/03 - 9/30/03)	FY2002 half year (4/1/02 - 9/30/02)	Change
Sales	671,796	950,231	- 278,435
Cost of sales	581,876	829,915	- 248,039
<b>Gross profit</b>	89,920	120,316	- 30,396
Selling, general and administrative expenses	91,804	119,798	- 27,994
<b>Operating profit</b>	- 1,883	518	- 2,401
Non-operating income	(6,147)	(9,791)	(- 3,644)
Interest income	805	2,912	- 2,107
Dividends	5,274	3,041	2,233
Gain on foreign exchange	-	3,105	- 3,105
Other income	67	731	- 664
Non-operating expenses	(14,780)	(8,232)	(6,548)
Interest expenses	4,748	4,743	5
Loss on foreign exchange	5,843	-	5,843
Other expenses	4,188	3,489	699
<b>Ordinary income</b>	- 10,517	2,077	- 12,594
Extraordinary gain	(21,764)	(3,400)	(18,364)
Gain on sale of securities	14,702	-	14,702
Gain on reversal of provision for losses on restructuring	2,193	-	2,193
Gain on reversal of guarantee liability reserve	4,868	-	4,868
Gain on sale of fixed assets	-	1,480	- 1,480
Gain from stock exchange of investment securities	-	1,399	- 1,399
Other gains	-	520	- 520
Extraordinary loss	(15,699)	(19,808)	(- 4,109)
Loss on disposal of fixed assets	2,455	2,128	327
Loss on appraisal of investments in subsidiaries	13,101	-	13,101
Provision for doubtful receivables from subsidiaries	-	14,800	- 14,800
Other losses	142	2,879	- 2,737
<b>Income before income taxes</b>	- 4,451	- 14,330	9,879
Income tax, current	1,652	668	984
<b>Net income for term</b>	- 6,103	- 14,998	8,895
Retained earnings brought forward from previous period	-	- 401,591	401,591
<b>Unappropriated retained earnings at end of period</b>	- 6,103	- 416,589	410,486

### 3. Balance sheets (Assets)

Million yen

	At 9/30/2003	At 3/31/2003	Change
<b>Assets</b>			
<b>Current assets</b>	509,294	499,065	10,229
Cash on hand and in bank	120,988	27,127	93,861
Notes receivable	2,554	874	1,680
Accounts receivable	112,152	185,359	- 73,207
Inventories	97,827	97,011	816
Short-term loans receivable	6,687	26,657	- 19,970
Accounts receivable-other	64,112	76,807	- 12,695
Deferred tax assets	37,431	37,431	-
Other current assets	105,390	81,461	23,929
Allowance for doubtful receivables	- 37,851	- 33,666	- 4,185
<b>Fixed assets</b>	883,749	845,752	37,997
<b>Tangible fixed assets</b>	259,349	262,749	- 3,400
Buildings	47,999	48,971	- 972
Machinery and equipment	65,678	66,621	- 943
Land	116,680	116,618	62
Other tangible fixed assets	28,991	30,538	- 1,547
<b>Intangible fixed assets</b>	10,983	10,617	366
<b>Investments</b>	613,416	572,385	41,031
Investment securities	91,973	102,752	- 10,779
Investments in subsidiaries and affiliated companies	451,321	401,662	49,659
Long-term loans receivable	2,013	2,520	- 507
Deferred tax assets	25,743	21,477	4,266
Other investments	44,551	46,131	- 1,580
Allowance for doubtful receivables	- 2,186	- 2,159	- 27
<b>Total assets</b>	1,393,044	1,344,817	48,227

#### 4. Balance sheets (Liabilities & stockholders' equity)

Million yen

	At 9/30/2003	At 3/31/2003	Change
<b>Liabilities</b>			
<b>Current liabilities</b>	759,719	719,425	40,294
Notes payable	9,821	18,360	- 8,539
Accounts payable	219,187	249,637	- 30,450
Short-term loan payable	256,169	185,061	71,108
Commercial paper	107,700	-	107,700
Other accounts payable	61,934	71,755	- 9,821
Corporation taxes payable	1,936	471	1,465
Warranty claims allowance	27,464	28,089	- 625
Other current liabilities	75,505	166,050	- 90,545
<b>Fixed liabilities</b>	333,269	313,045	20,224
Bonds	38,500	54,500	- 16,000
Long-term loans payable	169,300	123,491	45,809
Retirement benefit reserve	90,399	90,633	- 234
Retirement benefit reserve	610	623	- 13
Guarantee liability reserve	24,764	33,538	- 8,774
Long-term other accounts payable	1,194	-	1,194
Other fixed liabilities	8,500	10,258	- 1,758
<b>Total liabilities</b>	1,092,988	1,032,471	60,517
<b>Stockholders' equity</b>			
<b>Common stock</b>	252,201	252,201	-
<b>Capital surplus</b>	28,048	225,227	- 197,179
Capital surplus	28,048	225,227	- 197,179
<b>Earned surplus</b>	- 6,103	- 197,179	191,076
Legal reserve	-	9,029	- 9,029
General reserve	-	198,031	- 198,031
Unappropriated retained earnings at end of half year period	- 6,103	- 404,240	398,137
<b>Profit on securities</b>	25,912	32,097	- 6,185
<b>Treasury shares</b>	- 2	- 1	- 1
<b>Total stockholders' equity</b>	300,055	312,346	- 12,291
<b>Total liabilities &amp; stockholders' equity</b>	1,393,044	1,344,817	48,227

## Notes on accounting policies

### 1. Significant accounting policies

- (1) Marketable securities: basis and method of valuation
- Shares in subsidiaries and affiliates..... At cost using the moving-average method
  - Other marketable securities
    - With market value..... At market, based on market value on date of book-closing.  
(Net unrealized gain/loss booked directly to Shareholders' equity.  
Selling cost is computed by the moving-average method.)
    - Without market value..... At cost by the moving-average method
- (2) Derivative instruments..... Valued at market (excluding swap meeting the special provisions of the accounting standard.)
- (3) Inventories: basis and method of valuation
- Finished products..... First-in first-out basis.
  - Raw materials..... At cost using the overall average method
  - Work in process..... First-in first-out basis.
  - Supplies..... Last invoice method.
- (4) Depreciation of fixed assets
- Tangible fixed assets..... Declining balance method. Buildings (excluding related fixtures and facilities) acquired after 1 April 1998 are computed using the straight-line method.
  - Intangible fixed assets..... Straight line method. Software is depreciated using the straight line method based over an estimated useful life of 5 years.
  - Small fixed assets..... Assets with an acquisition cost of over JPY 100,000 but less than JPY 200,000 are amortized using the straight-line method over a 3-year period .
- (5) Allowances: accounting standards
- Doubtful accounts..... Providing against possible losses arising from accounts and loans receivable, a doubtful account allowance is included in the Balance Sheet calculated on the basis of historical data for general claims, and on the basis of individual estimates of specific claims thought to be uncollectible.
  - Warranty claims..... Providing against future after-sales service costs and expenses, a warranty claims allowance is included in the Balance sheet calculated on the basis of past experience in line with warranty terms.
  - Accrued severance indemnities..... Accrued retirement benefits for employees at September 30 2003 have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets.  
The full amount of the transition difference arising from the adoption of the new accounting standard for retirement benefits was charged to expenses in the first year the new accounting standard was adopted.  
Prior service cost is being amortized by the straight-line method over a 9-year period that is within the estimated average remaining service years of the employees.  
Actuarial gain and loss that arise are amortized the following fiscal year using the straight-line method over a 10-year period that is within the estimated average remaining service years of the employees.

Allowance for retirement benefits for directors ..... Directors and auditor severance benefits are provided at the amount estimated necessary at book-closing based on the internal regulations of the Company.

Guarantee liabilities ..... Providing against losses arising from execution of guarantee, a guarantee liability allowance calculated on a rational estimate basis is included in the Balance Sheet.

(6) Foreign currency transactions

Foreign currency assets and liabilities are translated into yen at the exchange rate prevailing of the last day of the term. Differences are booked in the statement of profit/loss.

(7) Lease transactions

Finance leases, excluding leases in which ownership is recognized to have transferred to the lessee, are booked as ordinary rented transacting.

(8) Hedge accounting basis

Hedge accounting basis ..... Booked using deferral accounting or in accordance with the special provisions of the Accounting Standard for Financial Products.

Means of hedging and coverage

Means for hedging

Coverage

Forward exchange contracts ..... Foreign currency accounts receivable by merchandise export. (Scheduled transactions)

Interest swaps ..... Interest on loans from banks.

Hedging policy ..... Hedge transactions are carried out in order to avoid the fluctuation risk of foreign exchange rates and interest rates on borrowings.

Estimation method of hedging effectiveness ..... Forward-exchange contract is necessary to fix the cash flow. Hedging effectiveness is estimated through the comparison of change cash flows from the hedging instrument and the hedge item during the period. Effectiveness of interest rate swap using the special provisions is monitored in the same way as described above.

(9) Consumption tax

Consumption tax and regional consumption taxes are excluded from the income and expenses figures.

(10) Consolidated tax system

Consolidated tax system is applied.

## 2. Change of labeling method

From this semi-annual period onward, these financial statements are based on the Semi-annual Financial Statements prepared in accordance with the Securities and Exchange Law.

The semi-annual and annual financial results of the previous fiscal year have been adjusted accordingly.

The explanatory notes have been changed according to contents of the above-mentioned Semi-annual Financial Statements.

### 3. Notes to financial statements

#### Balance Sheet

	1st FY03	FY2002	1st FY02
	<u>(million)</u>	<u>(million)</u>	<u>(million)</u>
(1) Accumulated depreciation of tangible fixed assets	663,623	664,304	850,027
(2) Asset pledged as collateral			
Investment securities	22,245	23,396	31,663
Plants, subject to floating charge	51,482	53,874	105,920
Collateral securing obligation			
Guarantee liabilities	26,874	31,742	20,822
Guarantee liability equivalents	-	-	1,149
(3) Consumption tax			
After offsetting receivable and payable consumption tax, the balance amount is recorded in accounts receivable-other as accrued consumption tax.			
(4) Capital deficit	- 6,106	- 206,210	-
(5) Contingent liabilities for loan guarantees			
Guarantee liabilities	405,832	319,837	329,466
Guarantee liability equivalents	49,970	38,270	41,563
(6) Outstanding balance of securitized accounts receivables	40,952	43,780	67,569
(7) The amount of unused balances of revolving credit facility agreements			
Total commitment line	105,900	156,500	156,500
Balance of loan payable	-	-	-
Unused commitment line	<u>105,900</u>	<u>156,500</u>	<u>156,500</u>

#### Statements of income

	1st FY03	1st FY02	FY2002
	<u>(million)</u>	<u>(million)</u>	<u>(million)</u>
(1) Depreciation chaged			
Tangible fixed assets	9,791	14,154	27,078
Intangible fixed assets	1,164	997	2,300
Total	<u>10,955</u>	<u>15,152</u>	<u>29,379</u>
(2) Main item of other expenses			
Regal expenses relating to litigation	1,803	1,438	3,208
(3) Corporate tax			
Due to the calculation of tax expenses using the simplified method, the "income tax, deferred" in the semi-annual closing is included and denoted in the account of "Income tax, current"			

## Lease transactions

	1st FY03 <u>(million)</u>	FY2002 <u>(million)</u>	1st FY02 <u>(million)</u>
1. As lessee			
(1) Finance lease transactions, excluding leases where ownership has transferred to the lessee			
Acquisition cost, Accumulated depreciation and Book value of lease assets			
Acquisition cost			
Tools, furniture and fixtures	40,085	42,489	55,880
Machinery	814	1,053	3,210
Others	3,205	7,328	8,811
<u>Total</u>	<u>44,105</u>	<u>50,872</u>	<u>67,902</u>
Accumulated depreciation			
Tools, furniture and fixtures	23,426	25,529	37,403
Machinery	399	382	1,221
Others	1,426	2,491	3,260
<u>Total</u>	<u>25,252</u>	<u>28,403</u>	<u>41,885</u>
Book value			
Tools, furniture and fixtures	16,658	16,960	18,476
Machinery	415	670	1,988
Others	1,778	4,837	5,551
<u>Total</u>	<u>18,852</u>	<u>22,468</u>	<u>26,016</u>
Leases payable at end of fiscal year			
Due within a year	9,919	10,499	12,682
Due over a year	14,836	17,930	21,564
<u>Total</u>	<u>24,755</u>	<u>28,430</u>	<u>34,247</u>
Lease payments, Depreciation expense and Interest expense for fiscal year			
Lease payments	6,161	15,132	8,199
Depreciation expense	5,891	12,757	6,252
Interest expense	276	1,129	594
Depreciation is principally computed using the declining balance method taking residual value as zero and the lease term as useful life.			
Interest expenses are taken as the difference between total lease amount and lease acquisition price and are allocated to different settlement terms using the interest method.			
(2) Operating lease transactions			
Future minimum lease payments			
Due within a year	720	720	720
Due over a year	2,276	2,636	2,996
<u>Total</u>	<u>2,996</u>	<u>3,356</u>	<u>3,716</u>
2 As lessor			
(1) Operating lease transactions			
Future minimum lease payments			
Due within a year	264	264	262
Due over a year	835	967	1,100
<u>Total</u>	<u>1,100</u>	<u>1,232</u>	<u>1,362</u>

## Marketable securities

MMC has no shares in subsidiaries or affiliates with a market for either the previous or current semiannual years.

## Earnings per share

	<u>1st FY03</u>	<u>FY2002</u>	<u>1st FY02</u>
	(yen)	(yen)	(yen)
Book value per share	202.27	210.56	198.70
Net income per share - basic	- 4.11	- 1.80	- 10.20
Net income per share - diluted	-	-	-

(Note) Calculating basis of net income per share - basic and net income per share - diluted

Net income per share - basic			
Net income (million)	- 6,103	- 2,649	- 14,998
Net income of common stock (million)	- 6,103	- 2,649	- 14,998
Average number of shares issued and outstanding during term (1000)	1,483,432	1,473,720	1,470,163