

(TRANSLATION OF ORIGINAL JAPANESE)

FY2005 First Quarter Results: Consolidated Financial Statements

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Mitsubishi Motors Corporation

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1. Basis for preparation of quarterly consolidated financial statements

- 1) Adoption of simplified accounting policies : Applicable
Partial adoption of simplified accounting policy for calculation of income tax.
- 2) Change in accounting policies : Applicable
Change in accounting standard in an Australian subsidiary.
- 3) Change in scope of consolidation and equity method : Applicable
- | | | | | | |
|---------------|---------|---|---------------|---------|---|
| Consolidation | Include | - | Equity Method | Include | - |
| | Exclude | 1 | | Exclude | - |

2. Financial highlights (1 April 2005 through 30 June 2005)

(1) Consolidated financial results

	Sales		Operating loss		Ordinary loss		Net loss	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2005 1Q	485,833	-12.9	-13,779	-	-19,978	-	-21,646	-
FY2004 1Q	557,603	-8.1	-31,714	-	-39,019	-	-54,686	-
(Ref.)FY2004	2,122,626	-15.8	-128,544	-	-179,172	-	-474,785	-

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2005 1Q	-5.07	-
FY2004 1Q	-36.86	-
(Ref.)FY2004	-194.36	-

Note: The percentage of sales, operating profit, ordinary income and net income indicates the percentage change on same period in the previous fiscal year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Ratio of shareholders equity	Stockholders' equity per share
	Million Yen	Million Yen	%	Yen
FY2005 1Q	1,538,060	301,723	19.6	-51.98
FY2004 1Q	1,900,505	263,366	13.9	-
(Ref.)FY2004	1,589,286	324,782	20.4	-47.34

FY2005 1st Quarter Results

FY2005 1st quarter net sales came to 485.8 billion Yen, 71.8 billion Yen lower than 1Q FY 2004 (557.6 billion Yen). The net sales drop was mainly due to a fall in unit sales in markets such as North America.

Unit sales (retail base) by region were the following. Since May in Japan, volume has been above the levels of last year. Despite the recovery however, unit sales for the quarter fell by 1000 units over the previous year to 48K units. The reduction of fleet sales in North America caused unit sales in that market to fall 12K units to 41K. Strong sales in Germany, the UK and Russia led European unit sales higher by 8K to 66K units. In Asia and other regions, sales expanded in Oceania and Latin America. This did not however compensate for a drop in China and other markets; overall regional unit sales fell 7K units to 171K units.

Lower sales cost, mainly advertising, in North America, along with lower warranty costs and lower depreciation due to asset write downs last year more than covered the drop in volume. The 1Q FY2004 operating loss of 31.7 billion Yen was reduced by 17.9 billion for a current period operating loss of 13.8 billion Yen. Ordinary income also greatly improved. The previous period's 39.0 billion Yen loss improved to a 20.0 billion Yen loss 1Q FY2005. For net income, in addition to the improvement in ordinary income, the lack of extraordinary losses realized last year: restructuring charges in Australia and losses from the cancellation of a new model development program, led to a 33.1 billion Yen improvement. 1st quarter net loss improved from 54.7 billion Yen in the previous period to 21.6 billion in the current period.

One item to note, Japanese accounting standards for asset impairment were not used in the current period.

Consolidated Financial Position

Total assets at the end of 1Q FY2005 were 1,538.1 billion Yen, a drop of 51.2 billion from the end of FY2004. A reduction in cash, accounts receivable, and inventories were the main reasons for the drop.

Interest bearing debt totaled 454.0 billion Yen, down 22.0 billion from the end of FY2004. Scheduled repayments were the primary reason for the reduction. Including the current period loss, shareholder's equity dropped 23.1 billion Yen to 301.7 billion at the end of the period.

Appendix

Quarterly consolidated balance sheet, Quarterly consolidated income/loss statement

FY2005 financial results forecast (1 April 2005 through 31 March 2006)

[Reference]

FY2005 Forecast of Results

There is no change to the FY2005 forecast, announced on May 23, 2005, at this time.

CAUTION: These forecasts are based on assumptions and estimates made on the basis of currently available information.

Changes in the company's business environment, market trends, and exchange rates may cause actual results to differ materially from these forecasts.

3. Consolidated financial statements

(1) Consolidated balance sheet

in millions of Yen

	At 6/30/2005	At 3/31/2005	Change	Reference At 6/30/2004
Assets				
Current assets	(785,500)	(821,937)	(-36,437)	(749,871)
Cash and cash equivalents	278,515	307,474	-28,959	102,451
Trade notes and accounts receivable	137,992	150,951	-12,959	145,371
Finance unit receivables	28,230	24,476	3,754	43,405
Marketable securities	1,880	4,220	-2,340	5,467
Inventories	220,575	233,353	-12,778	289,423
Short-term loans receivable	2,414	2,386	28	2,635
Residual interest on factored receivables	-	-	-	225
Deferred tax assets	1,569	1,799	-230	4,009
Other current assets	126,642	111,452	15,190	166,745
Allowance for doubtful accounts	-12,320	-14,176	1,856	-9,863
Long Term & Fixed assets	(752,560)	(767,348)	(-14,788)	(1,150,633)
Tangible fixed assets	527,351	530,903	-3,552	707,773
Intangible fixed assets	30,556	32,107	-1,551	31,742
Long-term finance unit receivables	1,435	2,072	-637	112,183
Investment securities	71,821	71,867	-46	120,336
Long-term loans receivable	11,511	11,747	-236	9,431
Residual interest on factored receivables	111,083	111,709	-626	158,459
Deferred tax assets	6,079	6,730	-651	18,876
Other non-current assets	71,730	75,154	-3,424	88,248
Allowance for doubtful accounts	-79,009	-74,943	-4,066	-96,417
Total assets	(1,538,060)	(1,589,286)	(-51,226)	(1,900,505)
Liabilities, minority interest & shareholders' equity				
Current liabilities	(842,965)	(857,338)	(-14,373)	(1,291,513)
Trade notes and accounts payable	291,597	293,853	-2,256	302,516
Short-term loans payable	269,569	277,952	-8,383	567,134
Non-interest bearing short-term loans payable	-	-	-	24,970
Commercial paper	-	-	-	2,562
Accrued expenses and other payables	164,816	181,250	-16,434	160,552
Accrued income taxes	1,678	3,157	-1,479	2,237
Allowance for warranty claims	50,589	49,859	730	37,672
Other current liabilities	64,715	51,264	13,451	193,866
Non-current liabilities	(382,939)	(396,935)	(-13,996)	(329,536)
Bonds outstanding	39,921	40,941	-1,020	41,304
Long-term loans payable	144,541	157,078	-12,537	122,703
Deferred tax liabilities	16,687	17,357	-670	19,343
Accrued retirement benefits	100,410	99,295	1,115	106,410
Accrued retirement payments for directors	1,711	1,614	97	-
Other non-current liabilities	79,666	80,647	-981	39,774
Total liabilities	(1,225,905)	(1,254,274)	(-28,369)	(1,621,050)
Minority interest	(10,431)	(10,229)	(202)	(16,088)
Shareholders' equity				
Common stock	642,300	642,300	-	399,701
Capital surplus	417,612	417,612	-	175,013
Retained earnings	-678,645	-656,068	-22,577	-238,088
Unrealized gain on securities	8,007	9,208	-1,201	12,597
Foreign exchange translation adjustment	-87,543	-88,262	719	-85,853
Treasury stock	-9	-8	-1	-3
Total shareholders' equity	(301,723)	(324,782)	(-23,059)	(263,366)
Total liabilities, minority interests & shareholders' equity	(1,538,060)	(1,589,286)	(-51,226)	(1,900,505)

(2) Consolidated statement of income / loss

in millions of Yen

	4/1/'05-6/30/'05	4/1/'04-6/30/'04	Change	% Change	Reference 4/1/'04-3/31/'05
Sales	485,833	557,603	-71,770	-12.9	2,122,626
Cost of goods sold	402,375	476,571	-74,196	-15.6	1,808,110
Gross profit before provision for unrealized profit on installment sales	83,458	81,031	2,427	3.0	314,516
Provision for unrealized profit on installment sales	0	2	-2		16
Gross profit	83,459	81,034	2,425		314,532
Selling, general and administrative expenses	97,238	112,749	-15,511		443,076
Operating profit / loss	-13,779	-31,714	17,935	-	-128,544
Non-operating income	913	3,985	-3,072		12,106
(Interest and dividend income)	(500)	(1,758)	(-1,258)		(7,920)
(Other income)	(413)	(2,227)	(-1,814)		(4,186)
Non-operating expenses	7,112	11,290	-4,178		62,735
(Interest expense)	(5,767)	(6,856)	(-1,089)		(25,601)
(Other expenses)	(1,345)	(4,434)	(-3,089)		(37,133)
Ordinary income / loss	-19,978	-39,019	19,041	-	-179,172
Extraordinary gains	2,392	428	1,964		8,111
Extraordinary losses	1,928	14,418	-12,490		289,845
Net income / loss before income taxes	-19,513	-53,009	33,496	-	-460,906
Income taxes	1,856	1,672	184		19,761
Minority interests	-276	-4	-272		5,882
Net income / loss	-21,646	-54,686	33,040		-474,785

(3) Consolidated surplus statement

in millions of Yen

	4/1/'05-6/30/'05	4/1/'04-6/30/'04	Change	Reference 4/1/'04-3/31/'05
Capital surplus				
Capital surplus at beginning of term	417,612	27,513	390,099	27,513
Increase in capital surplus	-	147,500	-147,500	390,099
(Issuance of preferred stock)	(-)	(147,500)	(-147,500)	(390,099)
Capital surplus at end of term	417,612	175,013	242,599	417,612
Retained earnings				
Retained earnings at beginning of term	-656,068	-183,410	-472,658	-183,410
Increase in retained earnings	-	8	-8	2,127
(New equity method affiliates)	(-)	(8)	(-8)	(2,127)
Decrease in retained earnings	22,576	54,686	-32,110	474,785
(Net loss for term)	(21,646)	(54,686)	(-33,040)	(474,785)
(Change in accounting standard in an Australian subsidiary)	(930)	(-)	(930)	(-)
Retained earnings at end of term	-678,645	-238,088	-440,557	-656,068

(Segment information)

(1) Results by segment

in millions of Yen

FY2005 1Q	Automotive	Financial services	Total	Intersegment Eliminations	Consolidated
Sales & operating profit					
Sales					
(1) External customers	475,821	10,011	485,833	-	485,833
(2) Intersegment & transfers	-31	-	-31	31	-
Total	475,790	10,011	485,801	31	485,833
Operating expenses	486,887	13,200	500,087	-475	499,612
Operating profit or loss	-11,096	-3,189	-14,285	506	-13,779

in millions of Yen

FY2004 1Q	Automotive	Financial services	Total	Intersegment Eliminations	Consolidated
Sales & operating profit					
Sales					
(1) External customers	542,229	15,374	557,603	-	557,603
(2) Intersegment & transfers	-145	952	807	-807	-
Total	542,084	16,327	558,411	-807	557,603
Operating expenses	572,554	16,764	589,318	-	589,318
Operating profit or loss	-30,469	-436	-30,906	-807	-31,714

[Reference]

in millions of Yen

FY2004	Automotive	Financial services	Total	Intersegment Eliminations	Consolidated
Sales & operating profit					
Sales					
(1) External customers	2,086,907	35,718	2,122,626	-	2,122,626
(2) Intersegment & transfers	-854	4,474	3,619	-3,619	-
Total	2,086,053	40,193	2,126,246	-3,619	2,122,626
Operating expenses	2,190,358	61,259	2,251,618	-447	2,251,170
Operating profit or loss	-104,305	-21,066	-125,371	-3,172	-128,544
Assets, depreciation & capital expenditure					
Assets	1,601,183	273,412	1,874,595	-285,309	1,589,286
Depreciation	75,258	22,226	97,484	-	97,484
Capital expenditure	128,592	16,061	144,653	-	144,653

Note: 1. Operations are divided by sector and by market

2. Major products by operation

(1) Automotive Passenger vehicles

(2) Financing Sales financing

(2) Geographical segment

in millions of Yen

FY2005 1Q	Japan	North America	Europe	Asia	Other	Total	Intersegment Eliminations	Consolidated
Sales & operating profit								
Sales								
(1) External customers	179,908	85,202	150,593	26,144	43,984	485,833	-	485,833
(2) Intersegment & transfers	103,688	2,284	3,291	25,190	368	134,824	-134,824	-
Total	283,597	87,487	153,885	51,335	44,352	620,657	-134,824	485,833
Operating expenses	295,901	97,418	151,132	45,644	44,693	634,790	-135,177	499,612
Operating profit or loss	-12,303	-9,931	2,752	5,690	-340	-14,132	353	-13,779

in millions of Yen

FY2004 1Q	Japan	North America	Europe	Asia	Other	Total	Intersegment Eliminations	Consolidated
Sales & operating profit								
Sales								
(1) External customers	199,397	124,264	176,620	19,632	37,689	557,603	-	557,603
(2) Intersegment & transfers	110,918	1,004	415	25,891	2,097	140,326	-140,326	-
Total	310,315	125,269	177,035	45,523	39,786	697,930	-140,326	557,603
Operating expenses	335,523	144,568	173,721	39,577	41,617	735,007	-145,689	589,318
Operating profit or loss	-25,207	-19,299	3,314	5,946	-1,830	-37,076	5,362	-31,714

【Reference】

in millions of Yen

FY2004	Japan	North America	Europe	Asia	Other	Total	Intersegment Eliminations	Consolidated
Sales & operating profit								
Sales								
(1) External customers	791,620	422,294	664,546	89,079	155,085	2,122,626	-	2,122,626
(2) Intersegment & transfers	466,655	13,017	5,672	109,474	5,591	600,411	-600,411	-
Total	1,258,275	435,311	670,218	198,554	160,677	2,723,037	-600,411	2,122,626
Operating expenses	1,331,837	509,568	670,411	176,952	172,126	2,860,894	-609,724	2,251,170
Operating profit or loss	-73,561	-74,256	-192	21,602	-11,448	-137,857	9,313	-128,544
Assets	1,188,913	309,933	194,170	101,681	74,898	1,869,598	-280,312	1,589,286

- Note: 1. National and regional groupings are by geographical proximity.
2. Main countries and regions outside Japan are grouped as follows:
(1) North America.....United States of America, Puerto Rico.
(2) Europe.....The Netherlands
(3) Asia.....Thailand, The Philippines
(4) Other.....Australia, New Zealand, U.A.E.

(3) Overseas sales

in millions of Yen

FY2005 1Q	North America	Europe	Asia	Other	Total
. Overseas sales	89,258	150,779	63,620	83,069	386,727
. Consolidated sales					485,833
. Overseas sales as a percentage of total sales	18.4%	31.0%	13.1%	17.1%	79.6%

in millions of Yen

FY2004 1Q	North America	Europe	Asia	Other	Total
. Overseas sales	126,980	173,117	78,705	78,572	457,375
. Consolidated sales					557,603
. Overseas sales as a percentage of total sales	22.8%	31.0%	14.1%	14.1%	82.0%

[Reference]

in millions of Yen

FY2004	North America	Europe	Asia	Other	Total
. Overseas sales	441,441	667,778	258,331	342,184	1,709,736
. Consolidated sales					2,122,626
. Overseas sales as a percentage of total sales	20.8%	31.4%	12.2%	16.1%	80.5%

Note: 1. National and regional groupings are by geographical proximity.

2. Main countries and regions outside Japan are grouped as follows:

(1) North America..... United states of America, Puerto Rico

(2) Europe..... The Netherlands, Italy, Germany

(3) Asia..... Thailand, Malaysia, Taiwan

(4) Other..... Australia, New Zealand

3. Overseas sales include export sales of MMC and its consolidated subsidiaries (excluding exports to Japan) and sales of its foreign consolidated subsidiaries.

【Reference】 Non-consolidated financial statements

Profit and loss statements (Sum up version)

Million yen

	FY2005 1st quarter (4/1/05 - 6/30/05)	FY2004 1st quarter (4/1/04 - 6/30/04)	Change
Sales	261,774	289,492	- 27,718
Operating profit	- 9,021	- 19,238	10,217
Ordinary income	- 9,753	- 23,351	13,598
Income before income taxes	- 8,259	- 30,823	22,564
Income tax	- 398	- 414	16
Net income for term	- 7,860	- 30,409	22,549

Balance sheets (Sum up version)

Million yen

	At 6/30/2005	At 3/31/2005	Change
Assets			
Current assets	617,010	645,226	- 28,216
Cash on hand and in banks	211,190	244,043	- 32,853
Notes receivable & Accounts receivable	106,553	128,190	- 21,637
Short-term loans receivable	113,319	106,315	7,004
Others	185,946	166,676	19,270
Fixed assets	475,244	478,208	- 2,964
Tangible fixed assets	215,518	214,475	1,043
Intangible fixed assets	15,252	15,691	- 439
Investments and others	244,473	248,041	- 3,568
Total assets	1,092,254	1,123,435	- 31,181
Liabilities			
Current liabilities	431,458	445,712	- 14,254
Notes payable & Accounts payable	213,033	221,849	- 8,816
Short-term loans payable	77,112	74,550	2,562
Others	141,312	149,313	- 8,001
Fixed liabilities	339,726	347,592	- 7,866
Bonds	37,300	37,300	-
Long-term loans payable	127,445	134,507	- 7,062
Others	174,980	175,784	- 804
Total liabilities	771,185	793,305	- 22,120
Stockholders' equity			
Common stock	642,300	642,300	-
Capital surplus	418,148	418,148	-
Earned surplus	- 747,183	- 739,322	- 7,861
Profit on securities	7,812	9,012	- 1,200
Treasury shares	- 9	- 8	- 1
Total stockholders' equity	321,069	330,130	- 9,061
Total liabilities & stockholders' equity	1,092,254	1,123,435	- 31,181

【単独】2005年度第1四半期売上台数(国内販売・輸出出荷・海外生産用部品出荷)

[Non-consolidated] Unit Sales in 1st Quarter 2005 (Domestic Sales/Export/PPC)

(単位:千台)
(in '000 Units)

			05年度第1四半期 1st Quarter 2005	04年度第1四半期 1st Quarter 2004	増減 Change
車両 Vehicles	国内 Domestic Sales	普通・小型乗用車 Passenger Cars	15	15	-
		軽自動車 Minicars	32	43	11
		計 Total	47	58	11
	輸出 Export	北米 North America	12	11	1
		欧州 Europe	32	31	1
		大洋州 Oceania	9	8	1
		アジア・アセアン Asia/ASEAN	11	20	9
		中東・アフリカ Middle East/Africa	14	18	4
		中南米 他 Central and South Africa	10	6	4
		計 Total	88	94	6
	合計 (1) Total (1)		135	152	17
海外生産用部品 PPC	輸出 Export	北米 North America	22	28	7
		オランダ Netherlands	-	7	7
		イタリア Italy	-	1	1
		オーストラリア Australia	5	6	1
		タイ Thailand	30	30	0
		インドネシア Indonesia	14	11	3
		フィリピン Philippines	3	3	-
		マレーシア Malaysia	35	46	11
		中国 China	0	6	6
		台湾 Taiwan	36	57	21
		その他 Others	8	8	-
		合計 (2) Total (2)		152	203
	総合計 (1)+(2) Grand Total (1)+(2)		287	355	68

* PPC: Production Parts & Components