

(TRANSLATION OF ORIGINAL JAPANESE)

FY2006 First Quarter Results: Consolidated Financial Statements

(April 1, 2006 through June 30, 2006)

August 2, 2006

Mitsubishi Motors Corporation

(Listed on: Tokyo Stock Exchange and Osaka Securities Exchange)

(URL <http://www.mitsubishi-motors.co.jp/>)

(Code: 7211, 1st section on both exchanges)

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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 in calculation of income tax.
- 2) Change in accounting policies : Not applicable
- 3) Change in scope of consolidation and equity method : Applicable
- | | | | | | |
|---------------|---------|---|--------------------------|---------|---|
| Consolidation | Include | - | Equity Method Affiliates | Include | 1 |
| | Exclude | 3 | | Exclude | 8 |

2. Financial highlights (April 1, 2006 through June 30, 2006)

(1) Consolidated financial results

Note: amounts are rounded down to the nearest one million yen

	Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2006 1Q	483,884	-0.4	-6,786	-	-12,213	-	-15,107	-
FY2005 1Q	485,833	-12.9	-13,779	-	-19,978	-	-21,646	-
(Ref.) FY2005	2,120,068	-0.1	6,783	-	-17,780	-	-92,166	-

	Net Income per Share-Basic	Net Income per Share-Diluted
	Yen	Yen
FY2006 1Q	-2.75	-
FY2005 1Q	-5.07	-
(Ref.) FY2005	-19.75	-

Note: Sales, Operating Income, Ordinary Income and Net Income percentages indicate changes over same period in the previous fiscal year.

Analysis of FY 2006 First Quarter Results

Sales for the FY2006 first quarter fell 1.9 billion yen over the 485.8 billion total from the FY2005 first quarter, to 483.9 billion yen. Unit volume (retail) fell 34 thousand units year-on-year to 292 thousand units, mainly due to a drop in volume in the Asia and Rest of World region. Regionally, unit volume totals were the following. In Japan, due mainly to the effect of new models launched, volume grew 4 thousand units year-on-year to 52 thousand. In North America as well, due mainly to new models introduced, volume increased by 1 thousand units year-on-year to 42 thousand. In Europe, strong growth in Russia led volume for the region higher by 5 thousand units year-on-year to 71 thousand. Finally in the Asia and Rest of World region, despite growth in the Mid East and Africa, weakness in Taiwan, China, Malaysia, Indonesia and other markets caused volume for the region to fall 44 thousand units year-on-year to 127 thousand units.

For operating income, lower advertising expenses in the United States, an improvement in results in the financial services unit, and foreign currency related gains were able to cover the drop in volume described above. Operating loss for the period improved by 7.0 billion yen over the 13.8 billion yen loss in the FY2005 first quarter, to a loss of 6.8 billion. Mainly lower interest expense brought non-operating loss to 5.4 billion, and improvement of 800 million yen over last year's loss of 6.2 billion. As a result of the non-operating loss, ordinary income for the FY2006 first quarter totaled a loss of 12.2 billion yen, an improvement of 7.8 billion over the 20.0 billion loss recorded in the FY2005 first quarter. Finally, net income for the period totaled a loss of 15.1 billion yen, a year-on-year improvement of 6.5 billion over last year's 21.6 billion yen loss.

(2) Consolidated financial position

Note: amounts are rounded down to the nearest one million yen.

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets per Share
	Million yen	Million yen	%	Yen
FY2006 1Q	1,536,611	259,698	16.2	-35.14
FY2005 1Q	1,538,060	301,723	19.6	-51.98
(Ref.) FY2005	1,557,570	268,678	17.2	-31.67

*Note: Effective this quarter, the company adopted a new accounting standard for the presentation of net assets**Net assets as of June 30, 2006 would have been 250,810 million yen if the previous method had been followed.***Changes in Consolidated Financial Position**

Total assets at the end of the FY 2006 first quarter totaled 1,536.6 billion yen, a drop of 21.0 billion from the total at the end of FY 2005 (March 31, 2006). Interest bearing debt fell 6.6 billion yen from the March 31, 2006 total of 447.8 billion, to 441.2 billion due mainly to scheduled debt repayments. Due mainly to the net loss recorded in the period, net assets fell from the March 31, 2006 total to 259.7 billion yen.

Appendix

Quarterly consolidated balance sheet, Quarterly consolidated income/loss statement

[Reference]

FY 2006 Full Year Results Forecast

No change is being made to the forecast announced on April 27, 2006.

FY 2006 Consolidated Results Forecast (April 1, 2006 - March 31, 2007)

	Sales	Ordinary Income	Net Income
	Million yen	Million yen	Million yen
First Half	1,020,000	-19,000	-28,000
Full Year	2,230,000	21,000	8,000

CAUTION: 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.

3. Consolidated financial statements

(1) Consolidated balance sheet

in millions of yen

	At 6/30/2006	At 3/31/2006	Change	Reference At 6/30/2005
Assets				
Current assets	(821,736)	(842,306)	(-20,570)	(785,500)
Cash and cash equivalents	257,308	259,045	-1,737	278,515
Trade notes and accounts receivable	143,585	179,101	-35,516	137,992
Finance receivables	42,841	39,278	3,563	28,230
Marketable securities	2,340	5,365	-3,025	1,880
Inventories	259,646	257,946	1,700	220,575
Short-term loans receivable	2,433	2,047	386	2,414
Deferred tax assets	889	1,206	-317	1,569
Others	138,523	124,120	14,403	126,642
Allowance for doubtful accounts	-25,832	-25,805	-27	-12,320
Non-Current assets	(714,875)	(715,263)	(-388)	(752,560)
Tangible fixed assets	497,735	506,007	-8,272	527,351
Intangible fixed assets	24,243	25,836	-1,593	30,556
Long-term finance receivables	17,700	8,365	9,335	1,435
Investment securities	75,530	74,126	1,404	71,821
Long-term loans receivable	12,026	12,900	-874	11,511
Residual interest in securitized assets	54,032	69,751	-15,719	111,083
Deferred tax assets	7,880	7,413	467	6,079
Others	68,002	65,841	2,161	71,730
Allowance for doubtful accounts	-42,277	-54,979	12,702	-79,009
Total assets	(1,536,611)	(1,557,570)	(-20,959)	(1,538,060)

in millions of yen

	At 6/30/2006	At 3/31/2006	Change	Reference At 6/30/2005
Liabilities, minority interest, & shareholders' equity				
Current liabilities	(877,860)	(867,160)	(10,700)	(842,965)
Trade notes and accounts payable	295,636	333,842	-38,206	291,597
Short-term loans payable	250,679	244,362	6,317	269,569
Accrued expenses and other payables	167,338	181,553	-14,215	164,816
Accrued income taxes	3,437	7,371	-3,934	1,678
Allowance for warranty claims	49,701	49,589	112	50,589
Others	111,067	50,441	60,626	64,715
Non-current liabilities	(399,051)	(409,150)	(-10,099)	(382,939)
Bonds	48,940	57,640	-8,700	39,921
Long-term loans payable	141,557	145,749	-4,192	144,541
Deferred tax liabilities	17,621	18,251	-630	16,687
Accrued retirement benefits	103,976	102,787	1,189	100,410
Accrued retirement benefits for executives	1,986	1,958	28	1,711
Others	84,969	82,762	2,207	79,666
Total liabilities	(1,276,912)	(1,276,311)	(601)	(1,225,905)
Minority interest	(-)	(12,580)	(-)	(10,431)
Shareholders' equity				
Common and preferred stock	-	657,336	-	642,300
Capital surplus	-	432,648	-	417,612
Retained earnings	-	-749,198	-	-678,645
Unrealized gains/losses on securities	-	9,046	-	8,007
Forex translation adjustments	-	-81,142	-	-87,543
Treasury stock	-	-12	-	-9
Total shareholders' equity	-	(268,678)	-	(301,723)
Total liabilities, minority interest, & shareholders' equity	-	(1,557,570)	-	(1,538,060)
Net assets				
Common and preferred stock	657,342	-	-	-
Capital surplus	432,654	-	-	-
Retained earnings	-764,305	-	-	-
Treasury stock	-13	-	-	-
Total owners' equity	(325,678)	(-)	(-)	(-)
Unrealized gains/losses on securities	8,297	-	-	-
Deferred gains/losses on hedge activities	-1,173	-	-	-
Forex translation adjustments	-83,165	-	-	-
Total unrealized gains/losses, forex translation adjustments, & others	(-76,040)	(-)	(-)	(-)
Minority interest	10,061	-	-	-
Total net assets	(259,698)	(-)	(-)	(-)
Total liabilities & net assets	(1,536,611)	(-)	(-)	(-)

(2) Consolidated statement of income

in millions of yen

	4/1/06-6/30/06	4/1/05-6/30/05	Change	% Change	Reference 4/1/05-3/31/06
Sales	483,884	485,833	-1,949	-0.4	2,120,068
Cost of sales	400,118	402,375	-2,257	-0.6	1,700,524
Gross profit before provision for unrealized profit on installment sales	83,765	83,458	307	0.4	419,543
Provision for unrealized profit on installment sales	0	0	0		0
Gross profit	83,766	83,459	307		419,544
Selling, general and administrative expenses	90,552	97,238	-6,686		412,760
Operating income	-6,786	-13,779	6,993	-	6,783
Non-operating income	1,708	913	795		9,689
(Interest and dividend income)	(1,223)	(500)	(723)		(5,105)
(Others)	(485)	(413)	(72)		(4,584)
Non-operating expenses	7,135	7,112	23		34,253
(Interest expense)	(4,878)	(5,767)	(-889)		(19,580)
(Others)	(2,257)	(1,345)	(912)		(14,672)
Ordinary income	-12,213	-19,978	7,765	-	-17,780
Extraordinary gains	906	2,392	-1,486		9,153
Extraordinary losses	1,869	1,928	-59		74,119
Net income before income taxes	-13,176	-19,513	6,337	-	-82,745
Income taxes	1,741	1,856	-115		7,909
Income to minority interest	-188	-276	88		-1,511
Net income	-15,107	-21,646	6,539	-	-92,166

(3) Changes in net assets

FY2006 1Q 4/1/06-6/30/06

in millions of yen

	Owners' equity					Unrealized gains/losses, Forex translation adjustments, & others				Minority interest	Total net assets
	Common and preferred stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Unrealized gains/losses on securities	Deferred gains/losses on hedge activities	Forex translation adjustments	Total unrealized gains/losses, forex translation adjustments, & others		
Balance at the end of the previous period	657,336	432,648	-749,198	-12	340,774	9,046	-	-81,142	-72,095	12,580	281,259
Changes in items during the period											
Issuance of stock	5	5			11						11
Net income			-15,107		-15,107						-15,107
Acquisition of treasury stock				-0	-0						-0
Net change in items other than owners' equity						-749	-1,173	-2,022	-3,944	-2,519	-6,463
Total change in items during the period	5	5	-15,107	-0	-15,096	-749	-1,173	-2,022	-3,944	-2,519	-21,560
Balance at the end of the period	657,342	432,654	-764,305	-13	325,678	8,297	-1,173	-83,165	-76,040	10,061	259,698

(Segment information)

(1) Business segment

in millions of yen

FY2006 1Q	Automotive	Financial Services	Total	Eliminations for Consolidation	Consolidated
Sales & operating income					
Sales					
(1) External customers	471,768	12,116	483,884	-	483,884
(2) Intersegment sales & transfers	14	-	14	-14	-
Total	471,783	12,116	483,899	-14	483,884
Operating expenses	483,200	7,470	490,670	-	490,670
Operating income	-11,417	4,645	-6,771	-14	-6,786

in millions of yen

FY2005 1Q	Automotive	Financial Services	Total	Eliminations for Consolidation	Consolidated
Sales & operating income					
Sales					
(1) External customers	475,821	10,011	485,833	-	485,833
(2) Intersegment sales & 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 income	-11,096	-3,189	-14,285	506	-13,779

[Reference]

in millions of yen

FY2005	Automotive	Financial Services	Total	Eliminations for Consolidation	Consolidated
Sales & operating income					
Sales					
(1) External customers	2,080,884	39,183	2,120,068	-	2,120,068
(2) Intersegment sales & transfers	-1	-	-1	1	-
Total	2,080,883	39,183	2,120,067	1	2,120,068
Operating expenses	2,087,026	28,764	2,115,791	-2,506	2,113,284
Operating income	-6,142	10,418	4,276	2,507	6,783
Assets, depreciation, impairment loss & capital expenditure					
Assets	1,453,123	127,607	1,580,731	-23,161	1,557,570
Depreciation	60,944	8,541	69,486	-	69,486
Impairment loss	45,084	-	45,084	-	45,084
Capital expenditure	119,460	8,904	128,365	-	128,365

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

2. Major products by business segment

(1) Automotive Passenger cars

(2) Financial Services Financial Services products

(2) Geographical segment

in millions of yen

FY2006 1Q	Japan	North America	Europe	Asia	Others	Total	Eliminations for Consolidation	Consolidated
Sales & operating income								
Sales								
(1) External customers	176,061	88,014	163,675	20,155	35,978	483,884	-	483,884
(2) Intersegment sales & transfers	112,648	3,247	1,945	39,138	94	157,074	-157,074	-
Total	288,709	91,261	165,620	59,294	36,072	640,958	-157,074	483,884
Operating expenses	302,853	90,042	163,351	54,885	37,658	648,792	-158,121	490,670
Operating income	-14,143	1,218	2,269	4,408	-1,586	-7,833	1,047	-6,786

in millions of yen

FY2005 1Q	Japan	North America	Europe	Asia	Others	Total	Eliminations for Consolidation	Consolidated
Sales & operating income								
Sales								
(1) External customers	179,908	85,202	150,593	26,144	43,984	485,833	-	485,833
(2) Intersegment sales & 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 income	-12,303	-9,931	2,752	5,690	-340	-14,132	353	-13,779

[Reference]

in millions of yen

FY2005	Japan	North America	Europe	Asia	Others	Total	Eliminations for Consolidation	Consolidated
Sales & operating income								
Sales								
(1) External customers	876,752	388,466	583,122	106,535	165,191	2,120,068	-	2,120,068
(2) Intersegment sales & transfers	475,429	12,763	14,463	121,963	1,055	625,675	-625,675	-
Total	1,352,182	401,229	597,585	228,498	166,247	2,745,744	-625,675	2,120,068
Operating expenses	1,363,040	405,120	588,296	213,278	171,279	2,741,015	-627,730	2,113,284
Operating income	-10,857	-3,891	9,288	15,220	-5,031	4,728	2,054	6,783
Assets	1,130,673	315,155	198,625	164,609	73,948	1,883,011	-325,441	1,557,570

Note: 1. Sales figures for geographical segments are classified by the region of the consolidated Mitsubishi Motors entity primarily involved in the transaction, both local sales and exports. The figures are not classified by the region of the wholesaler or end user. National and regional groupings are by geographical proximity.

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

- (1) North America.....United States, Puerto Rico
- (2) Europe.....The Netherlands
- (3) Asia.....Thailand, Philippines
- (4) Others.....Australia, New Zealand, U.A.E.

(3) Overseas sales

in millions of yen

FY2006 1Q	North America	Europe	Asia	Others	Total
. Overseas sales	95,194	163,559	41,293	80,394	380,442
. Consolidated sales					483,884
. Overseas sales as a percentage of total sales	19.7%	33.8%	8.5%	16.6%	78.6%

in millions of yen

FY2005 1Q	North America	Europe	Asia	Others	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%

[Reference]

in millions of yen

FY2005	North America	Europe	Asia	Others	Total
. Overseas sales	415,614	586,167	235,775	378,357	1,615,914
. Consolidated sales					2,120,068
. Overseas sales as a percentage of total sales	19.6%	27.7%	11.1%	17.8%	76.2%

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, Puerto Rico

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

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

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

3. Overseas sales are classified by the region of the wholesaler and end user. The figures include both local sales of consolidated subsidiaries and export sales from Japan and consolidated subsidiaries.

【Reference】 Non-consolidated financial statements

Statement of income (Summary version)

in millions of yen

	FY2006 1Q (4/1/'06 - 6/30/'06)	FY2005 1Q (4/1/'05 - 6/30/'05)	Change
Sales	265,291	261,774	3,517
Operating income	- 13,900	- 9,021	- 4,879
Ordinary income	- 14,808	- 9,753	- 5,055
Net income before income taxes	- 14,907	- 8,259	- 6,648
Income taxes	- 301	- 398	97
Net income	- 14,605	- 7,860	- 6,745

Balance sheet (Summary version)

in millions of yen

	At 6/30/2006	At 3/31/2006	Change
Assets			
Current assets	510,678	588,203	- 77,525
Cash and cash equivalents	152,228	183,701	- 31,473
Trade notes and accounts receivable	108,485	148,354	- 39,869
Short-term loans receivable	64,987	96,300	- 31,313
Others	184,977	159,847	25,130
Non-current assets	478,013	456,579	21,434
Tangible fixed assets	200,077	196,832	3,245
Intangible fixed assets	14,006	14,638	- 632
Investments and other assets	263,930	245,108	18,822
Total assets	988,692	1,044,783	- 56,091
Liabilities			
Current liabilities	458,546	487,275	- 28,729
Trade notes and accounts payable	224,295	250,803	- 26,508
Short-term loans payable	74,058	78,367	- 4,309
Others	160,192	158,104	2,088
Non-current liabilities	314,493	325,755	- 11,262
Bonds	27,600	36,300	- 8,700
Long-term loans payable	120,288	121,747	- 1,459
Others	166,605	167,708	- 1,103
Total liabilities	773,040	813,030	- 39,990
Shareholders' equity			
Common and preferred stock	-	657,336	-
Capital surplus	-	433,184	-
Retained earnings	-	- 867,475	-
Unrealized gains/losses on securities	-	8,719	-
Treasury stock	-	- 12	-
Total shareholders' equity	-	231,752	-
Total liabilities and shareholders' equity	-	1,044,783	-
Net assets			
Owners' equity	208,438	-	-
Common and preferred stock	657,342	-	-
Capital surplus	433,189	-	-
Retained earnings	- 882,080	-	-
Treasury stock	- 13	-	-
Valuation and translation adjustments	7,213	-	-
Total net assets	215,651	-	-
Total liabilities and net assets	988,692	-	-