(TRANSLATION OF ORIGINAL JAPANESE)

FY2004 Half Year Results: Consolidated Financial Statements

08 Nov. 2004

(1 April 2004 through 30 September 2004)

Mitsubishi Motors Corporation

Code No.: 7211 Listed on: Tokyo, Osaka stock exchanges
Head office: Tokyo URL http://www.mitsubishi-motors.com/
Representative: Yoichiro Okazaki; Chairman & CEO
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Meeting of Board of Directors for FY2004 half year results: 08 Nov. 2004
Parent company name: Code No.: Parent company holding: — %
United States accounting standards applied: No

1. Financial highlights (1 April 2004 through 30 September 2004)

(1) Consolidated financial results

	Sales		Operating Profit		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
FY2004 half year	1,070,812	-11.3	-63,457	-	-97,689	-
FY2003 half year	1,206,832	-25.5	-76,350	-	-85,789	-
FY2003 full year	2,519,449		-96,852		-110,295	

	Net income		Net income per share - basic	Net income per share - diluted
	Million yen	%	Yen	Yen
FY2004 half year	-146,159	-	-78.21	-
FY2003 half year	-80,215	-	-54.07	-
FY2003 full year	-215,424		-145.22	-

Note 1: Income from equity company: FY2004 half year ¥-13,622 Million FY2003 half year ¥2,956 Million FY2003 full year ¥9,573 Million

Note2: Average number of shares issued and outstanding during term (consolidated) :

	FY2004 half year	FY2003 half year	FY2003 full year
Common stock	1,868,896,389	1,483,431,916	1,483,429,792
Preferred stock	203,125	—	—

Note3: Accounting policy changes: No

Note4: Sales, operating profit, ordinary income and net income percentages indicate changes over same half-year period in previous fiscal year.

(2) Consolidated financial position

	Total assets	Stockholders' equity	Ratio of stockholders' equity	Stockholders' equity per share
	Million yen	Million yen	%	Yen
FY2004 half year	1,917,712	373,716	19.5	-6.49
FY2003 half year	2,310,358	180,948	7.8	121.98
FY2003 full year	2,029,035	29,972	1.5	20.2

Note: Number of shares issued and outstanding at term end (consolidated) :

	FY2004 half year	FY2003 half year	FY2003 full year
Common stock	2,647,548,892	1,483,429,570	1,483,427,216
Preferred stock	390,900	—	—

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at end of term
	Million yen	Million yen	Million yen	Million yen
FY2004 half year	-118,817	-34,775	112,772	142,484
FY2003 half year	-8,843	-5,285	95,594	162,487
FY2003 full year	-1,449	46,828	56,674	181,911

(4) Scope of consolidation and equity method

Consolidated subsidiaries: 113 Equity method subsidiaries: 13 Equity method affiliates: 29

(5) Changes in scope of consolidation and equity method

Consolidation:	Include	5	Equity method:	Include	12
	Exclude	10		Exclude	1

2. FY2004 full year consolidated forecast (1 April 2004 through 31 March 2005)

	Sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
FY2004 full year	2,100,000	-180,000	-240,000

Note: Forecast net income per share for full term: ¥-90.65

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 forcasts.

I The Mitsubishi Motors Corporation Group of Companies

Mitsubishi Motors Corporation (referred to herein as “MMC”, or the “Company”) and its group of forward companies is comprised of MMC and 113 subsidiaries, 42 affiliates and one associate (as of September 30, 2004).

The MMC Group is engaged in the development, production and selling of cars, as well as automotive components. MMC is responsible for most of the development work.

In Japan, Mitsubishi sedans, compacts and minicars are produced by MMC, with some sport utility models (including the Pajero) also being produced by Pajero Manufacturing Co., Ltd. Tokyo Mitsubishi Motor Sales Co. and other Mitsubishi Motors sales companies sell these automobiles in Japan.

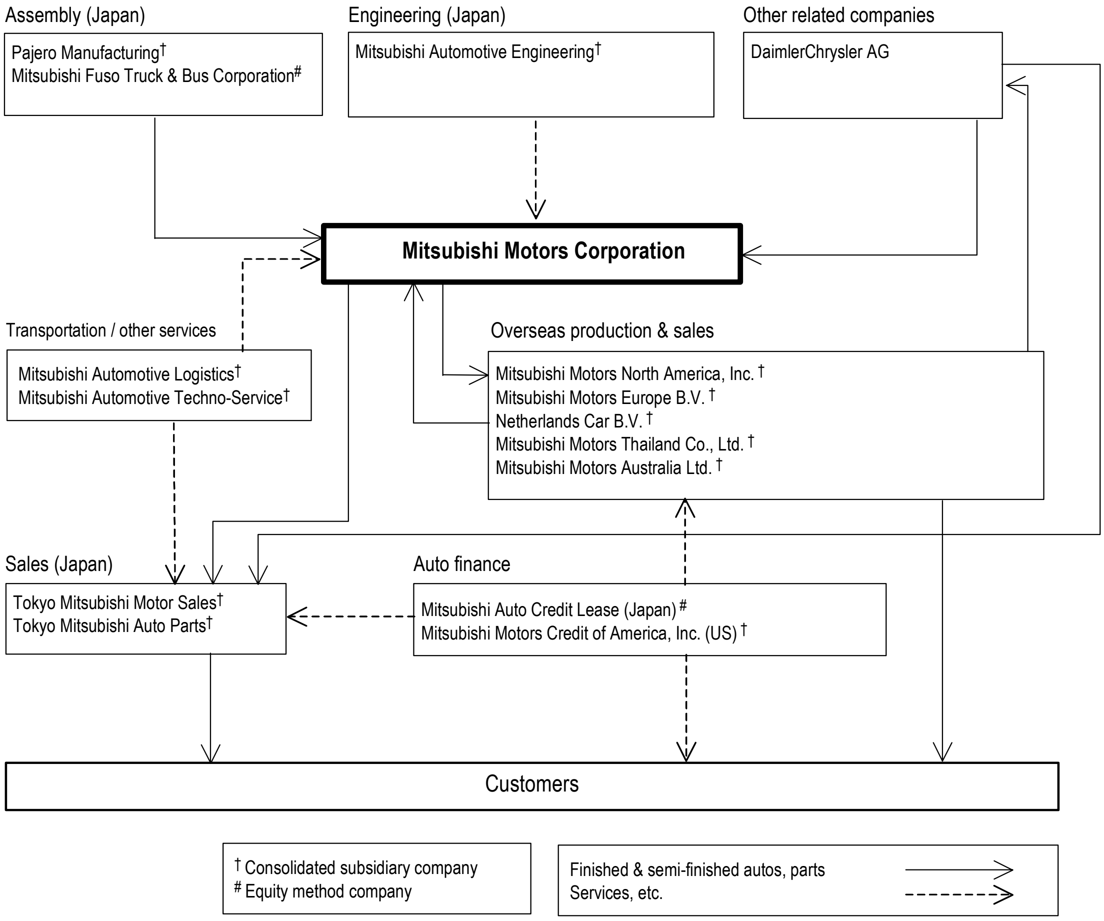
Mitsubishi Automotive Engineering Co., Ltd. undertakes some of the development of MMC automotive products, which are distributed by Mitsubishi Automotive Logistics Co., Ltd. throughout Japan, and Mitsubishi Automotive Techno-Service Co., Ltd. is responsible for the inspection and servicing of certain new Mitsubishi vehicles.

Replacement parts and accessories for the Japanese market are manufactured by MMC and are sold not only by the previously mentioned sales companies, but also by Tokyo Mitsubishi Automotive Parts Sales Co., Ltd. and other parts companies.

Overseas, in the United States, Mitsubishi vehicles are produced and sold by Mitsubishi Motors North America, Inc. In Europe, Mitsubishi vehicles are produced by Netherlands Car B.V. and sold by Mitsubishi Motors Europe B.V. Mitsubishi Motors Australia Ltd. and Mitsubishi Motors Thailand Company Ltd. are two more of the many facilities that produce and sell Mitsubishi vehicles in local markets in other regions around the world.

Auto leasing and financing services are provided by Mitsubishi Auto Credit-Lease Corporation in Japan and by Mitsubishi Motors Credit of America, Inc. in the United States.

The MMC group structure and constituent company products and services outlined above are shown in the diagram on the following page.



Assembly (Japan)
Pajero Manufacturing†
Mitsubishi Fuso Truck & Bus Corporation#
Engineering (Japan)
Mitsubishi Automotive Engineering†
Other related companies
DaimlerChrysler AG
Mitsubishi Motors Corporation
Transportation / other services
Mitsubishi Automotive Logistics†
Mitsubishi Automotive Techno-Service†
Overseas production & sales
Mitsubishi Motors North America, Inc. †
Mitsubishi Motors Europe B.V. †
Netherlands Car B.V. †
Mitsubishi Motors Thailand Co., Ltd. †
Mitsubishi Motors Australia Ltd. †
Sales (Japan)
Tokyo Mitsubishi Motor Sales†
Tokyo Mitsubishi Auto Parts†
Auto finance
Mitsubishi Auto Credit Lease (Japan) #
Mitsubishi Motors Credit of America, Inc. (US) †
Customers
† Consolidated subsidiary company
# Equity method company
Finished & semi-finished autos, parts
Services, etc.

II Management Policies

(1) Basic management policy

MMC has been confronted by the most severe challenge it has ever faced. The company will reflect seriously on the implications our actions have had on society, on the deterioration of our profits and on quality control issues. We will adhere fully to our pledge to place top priority on customers, safety and quality, and to change our corporate culture, and increase transparency. The entire company will therefore work as one to regain public confidence.

(2) Policy on dividends

MMC considers that providing appropriate dividend payments to our shareholders is a management objective of paramount importance. The Company established the maintenance of stable dividend payments to shareholders as its first principle. However, we need to secure sufficient retained earnings to prepare the ground for our future financial development needs. This is because the auto industry today is placing unprecedented demands on investment and necessitating stronger sales competitiveness in the global market as well as the development of environmentally friendly technologies. For these reasons, the Company will make the greatest effort to achieve its revitalization targets and strengthen its financial position and thus return to profitability.

(3) Corporate revitalization

The Company achieved most of its targets under the turnaround plan, which was enacted in 2001, a year ahead of schedule. However, results deviated sharply from the initial profit projection because of insufficient corporate governance policies that lead to a severe loss by the Company's financial services subsidiary in the U.S. and an overall large-scale loss.

Furthermore, inadequate action taken to deal with the recall cover-up issue in 2000 has greatly damaged the trust of our customers and of society as a whole.

Given these circumstances, the Company announced a corporate revitalization plan on May 21 of this year with emphasis on recovering trust and corporate restructuring. To accomplish this, MMC will completely transform its corporate ethics by establishing external supervision by way of a Business Ethics Committee. Cross Functional Teams (CFTs), consisting of over 70 seventy young and talented employees, will also be established and are to be lead under the direction of an outside investor in order to realize business revitalization.

In addition, the Company received notification from DaimlerChrysler on April 23, 2004 that DaimlerChrysler no longer planned to add additional financial support. As for cooperation with DaimlerChrysler for platform and engine joint development and production, projects will continue based on what is deemed economically viable for both companies.

(4) Issues to be addressed

Looking at future economic trends, we believe that economies in the United States and Asia, particularly China, will remain robust, and that the Japanese economy will continue to enjoy a recovery led by exports and capital expenditure. Notwithstanding this, unpredictable circumstances including the sharp rise in crude oil and other commodity prices, growing geopolitical risks such as the situation in Iraq, and foreign exchange rate fluctuations are expected to continue. Furthermore, the automobile industry will be marked by the introduction of new products by other companies and fierce price competition leading to the continuation of a harsh and competitive environment.

The Company, together with other Group companies, will actively address the following issues to ensure sustained revitalization and growth as a global corporation in an increasingly challenging environment.

<u>Management</u>

- Institute drastic transformation of corporate ethics
- Carry out radical reforms for revitalization

<u>Products</u>

- Introduce products that reinvigorate “Mitsubishi DNA” and focus on the individual needs of customers
- Model-specific Product Executives (PX) to take charge of managing the complete lifecycle of their model from product planning, styling, and development, to quality improvement follow-up

<u>Sales Organization</u>

- Return to customer-centric sales cycle
- Return to demand-supply balanced business

<u>Business Operations</u>

- Realize profit in high-growth Chinese market
- Radically reform earnings structure by reducing both fixed and material costs

(5) Business-related risks

Risks related to the Company's operations are listed as follows:

Support of Revitalization Plan from Mitsubishi Group Companies

Mitsubishi Group companies, especially Mitsubishi Heavy Industries, Mitsubishi Corporation, and Bank of Tokyo Mitsubishi, substantially support the Company's financial affairs, back the management and play an important role in regards to the revitalization plan. If this support were to be removed, the Company would find it difficult to achieve the items set out within its revitalization plan.

Relationship with Daimler Chrysler AG

In March of 2000, MMC and DaimlerChrysler AG signed a broad-based agreement for a strategic business alliance, which resulted in DaimlerChrysler acquiring 37 percent of the Company's general stock including that of a subsidiary. However, on April 23, 2004, DaimlerChrysler announced that they would not extend additional capital to the Company's business revival plan which was being determined at the time. Recent additional investments by Mitsubishi Group companies and other investors have since reduced DaimlerChrysler's holdings to 20.7 percent.

Going forward, DaimlerChrysler is restricted from selling their stake in MMC to an industry competitor without prior consent from the Company's board of directors. Otherwise, there are no restrictions preventing the sale of our general stock. Even under these circumstances, DaimlerChrysler's position as an important business partner remains unchanged.

MMC has cooperated with DaimlerChrysler in many joint-development projects including the development of a compact car, platform sharing and a mid-size pickup truck. Following April 2004, the Company analyzed these projects with its Revitalization Plan targets and negotiations between both parties settled which projects to continue and which to suspend. The company wishes to maintain good working relations and from now on contracts will be based on third-party transactions.

Quality Problems

Owing to problems related to the quality of the Company's products in the past, necessary recall measures have produced large-scale cost expenditures.

In addition, there has been considerable damage to MMC's brand image resulting from the criminal prosecution of both MMC and its former employees and executives. Hereafter, it is possible that adverse effects could be exerted on future sales and have a bearing on profits. It is also possible that it will be necessary to incur costs to quickly regain the trust of the customer.

① The following is a summary of the quality problems in relation to the Company

In July of 2000, MMC admitted to concealing information from the Japanese Ministry of Land, Infrastructure and Transport regarding defective cars and the use of a double management system that avoided recalls by issuing repair-directives to the field instructing that cars be repaired from around 1977 to 2000. As a result, the Ministry imposed a fine based on the Road Trucking Vehicle Law against the Company and former executives and employees of the Company. This also led to a substantial increase in the number of recalled vehicles in 2000. The total, in fiscal 2000, including domestic and overseas markets, consisted of 18 market measures (16 cases of recalls, 2 improvement measures) that were executed. Total units recalled reached more than 110 thousand units, which amounted to significant recall costs.

On June 2, 2004, the Company officially announced that an investigation, going back to December 1993, had discovered a further 92 repair directives that had been issued. Investigated repairs included 91 cases of repair directives that fall under service campaigns and 1 case from May 1993 that was pointed out by a media report. Under guidance from the Ministry, 35 of these cases (33 recalls, 2 improvement measures) were judged to require post-market measures. Notification to all affected parties was completed on July 29th. Running parallel to the above investigation, dealership records of past repairs totaling 13.4 thousand cases were scrutinized and after consulting with the Ministry, a further six cases were announced. Notification for these cases was issued on September 28.

② Sequence of quality problems with equity method affiliate Mitsubishi Fuso Truck and Bus Corporation

In March 2004, Mitsubishi Fuso Truck and Bus Corporation (from herein “MFTBC”) recalled approximately 220,000 trucks and buses (112,000 presumed to be in use) due to a flaw in the front wheel which occurred when MFTBC was a business unit of MMC. A fatal accident occurred as a result of this front wheel hub defect.

In April 2004, MFTBC announced a recall of another 22,000 trucks and buses due to a production defect found in rear wheel hubs produced from 1989 to 1992. Currently, present and past employees and executives of MFTBC and MMC have been indicted and are facing criminal liability under the Road Trucking Safety Law in relation to a false report that was filed to the Ministry of Land, Infrastructure and Transport about this particular defect and relating accident. MFTBC is currently examining the front wheel hub and it is possible that further recalls will be necessary.

Mitsubishi Fuso Truck and Bus Corp. announced in May 2004 that approximately 168,000 additional trucks and buses would be recalled (of which approximately half are assumed to be in use) due to a flaw in the clutch housing of vehicles produced from 1983 to 1999. When first uncovering these defects, Mitsubishi Fuso Truck and Bus Corp. admitted that there was a possibility that this defect was tied to a fatal accident that occurred in October 2002 involving a vehicle that wasn't recalled. This was recognized and announced in May 2004. Since then, former executives and employees of the Company and MFTBC were criminally charged with professional negligence resulting in death and injury in June 2004 for their relation to the accident and the defect in question.

Of the announced contents of necessary market measures (47 cases) on June 14th in 2004, notification was completed concerning all cases (44 cases in total) by the end of October 2004.

③ The spin-off of Mitsubishi Truck and Bus Corporation

The Company established Mitsubishi Fuso Truck and Bus Corp. as a wholly owned subsidiary in January 2003, and later sold 65 percent of MFTBC's company stock to DaimlerChrysler and another 15 percent of the stock to Mitsubishi Group companies. Included within the stock sale contract was a clause allowing the buying and selling price to be adjusted retrospectively depending on various factors including product warranty and recall costs incurred by MFTBC as of March 31, 2003. Also, it was stipulated that the Company was obligated to compensate for any product liability suits in association with vehicles sold before March 14, 2003. There is a possibility that DaimlerChrysler and Mitsubishi Group companies, the current stock holders of MFTBC, will ask for payment for the costs that have arisen from a product liability suit, recall costs and a false report. Furthermore, the Company received notice from DaimlerChrysler on June 7, 2004 informing it that DaimlerChrysler was considering whether or not to seek compensation based on the MFTBC stock sales contract. It is also possible that further compensation will be sought for the Company's breach of warranty.

④ Implementation of recall measures and safety standards

MMC and MFTBC are going to receive advice to ensure the proper implementation of recall measures and car safety standards. Reports regarding recalls and implementation will be made to the Ministry of Land, Infrastructure and Transport every week. These investigations and procedures regarding the business of MMC and MFTBC have had serious consequences on our brand value, social trust and sales results. Furthermore, the central and district government offices decided to temporarily suspend purchase of vehicles made by our company and Mitsubishi Fuso Truck and Bus Corporation.

Legal Proceedings

Product Liability and other matters

MMC is amongst those included in a Tokyo air pollution suit (1st - 5th proceedings) that targets the Japanese National Government, the Tokyo Metropolitan Government, the Metropolitan Expressway Public Corporation, and seven diesel automobile manufacturers. Residents and commuters of the Metropolitan Tokyo area (23 wards) who are afflicted with bronchial asthma as well as bereaved family members (the total number of plaintiffs is more than 500 up to the 5th proceedings) have launched this suit. The plaintiffs contend that the emission of NO_2 and SPM (Suspended Particulate Matter) exceeded fixed standards and that the plaintiffs have the right to demand damages. The total financial exposure up until the 5th proceeding amounts to approximately 13 billion yen. The suit claims that automobile exhaust emissions are the source of the air pollution.

For the first case, the Tokyo District Court ruled in October 2002 that the automakers were not liable, but nevertheless awarded compensation of approximately 80 million yen to seven plaintiffs which was to be paid by the Japanese National Government , the Tokyo Metropolitan Government, and the Metropolitan Expressway Public Corporation collectively. The injunction charge was rejected by the court. This case is currently being tried in the Tokyo Appeal Court and the second to fifth proceedings are currently being tried at the Tokyo District Court. Bearing the court's decision and with the possibility that further suits against manufacturers may follow, it is difficult to predict the outcome and there is a possibility that our financial situation in the future will be affected.

In January 2002, a front wheel of a tractor-trailer that was manufactured by the Company's truck and bus division (now Mitsubishi Fuso Truck and Bus Corporation) detached while the truck was in motion, resulting in a fatal accident. Two legal proceedings have followed in relation to this accident. The first legal action was filed in September 2002 by relatives of the deceased against the driver of the vehicle and their employer. The suit was seeking damages of 70 million yen from those concerned, and a settlement was made in September of 2003. However, the settlement was made under the condition that if it was determined that the vehicle was the cause, the right to claim for damages would be filed against the government and the Company demanding repayment and that the driver and employer would cooperate for fact finding of this case and so on.

In addition, the counsel representing the driver and employer served notice that they intend to seek compensation for the amount of the previous settlement that was paid to the husband and children of the deceased and also compensation for the loss of income incurred due to absence from work. Attorneys representing the Company have responded and are currently involved in negotiating a resolution.

The second suit was filed in March 2003 by the mother of the deceased. The suit seeks product liability damages amounting to 165.5 million yen from the Company, the Japanese National Government and the driver and employer. This case is currently on trial.

In December 2002, Morkens Car Division, who distribute Mitsubishi vehicles in Belgium, unilaterally cancelled their distributorship agreement with Mitsubishi Motors Europe claiming it infringed on Belgian law and have filed legal action seeking 126.76 million Euros in compensation.

Moreover, six companies affiliated with Morkens and four independent companies are seeking compensation from the Company and Mitsubishi Motors Europe B.V. for 52.2 million Euros and 1.75 million Euros, respectively.

<u>Influence of the introduction of asset-impairment accounting</u>

The Company possesses many manufacturing-related assets as well as sales-related assets of which many are not being utilized as originally planned. Furthermore, we also plan to reduce manufacturing capacity as stated in our revitalization plan. Therefore, under this new asset-impairment requirement, it is possible that a write-down of assets could occur.

<u>Leasing, financial services and sales incentives</u>

The Company's American financing subsidiary, Mitsubishi Motors Credit of America (MMCA), utilized asset-backed securities as an important means to generate funds for its lease and sales finance business. However, as a result of unexpectedly high credit defaults by customers which were followed by the downgrading of outstanding asset-backed securities, MMCA currently has difficulty accessing the general asset-backed securities market and is mainly dependent on secured loans to provide funding for the underwriting of new lease and finance loans. Compared to using the ABS market, this method of financing generally involves much higher costs. It is still uncertain whether our financing subsidiary will be able to re-enter the ABS market in the near future

Overcapacity in the auto industry has resulted in fierce competition, especially in the US, where sales incentives have become an essential part of sales promotions. In recent years, the Company developed such sales incentives as balloon and deferred loans, and also offered financing at little or no interest with a small or even no down payment. Product schemes such as these and others resulted in losses much higher than predicted. As a result, significant charges were made against the outstanding portfolio in 2002 and 2003. The company has a younger customer base than our competitors and during the recession, these buyers generally have more difficulty paying back loans. However, even after tightening our credit policy in the US, the economy remained stagnant and further loan defaults have resulted in losses that may induce additional costs. As indicated in the Company's revitalization plan, we plan to reduce the scope of financial services and loan portfolio in the US market. There is a possibility that a loss could occur from the sale of part or the entire loan portfolio.

The company uses sales incentives to reduce the selling price of new vehicles. It is possible that the use of incentives will lower residual values which will affect both used car residual values and leased car assessments. If used car residual values decrease, this could have a negative impact on our future business performance. The decline in residual values could also put downward pressure on car and lease claims.

Possibility of our stock being de-listed

The Company's policy is to maintain its stock exchange listing, however conversion of preferred shares to common shares could possibly increase the number of shares held by a "select few". If this figure exceeds 80 percent, it would not meet stock distribution standards set by the Tokyo and Osaka stock exchanges and be subject to de-listing.

Issuance of common and preferred shares and effect on share price

In June and July of this year, the Company issued new common shares and several classes of preferred shares as part of its revitalization plan. There is a possibility that conversion of the preferred shares to common shares will dilute the value of common stock and may also have influence on the common shares' market price.

Effect of foreign exchange rate fluctuation

Overseas sales accounted for 82.9 percent of the consolidated sales of the Company for this fiscal year. The Company endeavors to minimize the risk involved in exports through forward exchange contracts, etc. However, foreign exchange rate fluctuations will continue to impact the results of the Company.

Effect of socioeconomic situations

The breakdown of the above ratio of the overseas sales is 22.2 percent for North America, 32.5 percent for Europe, and 28.2 percent for Asia and other regions. There is a possibility that a change in the socioeconomic situation in any of these regions will impact the results of the Group.

Effect of fluctuations of interest rates on borrowings

The balance of consolidated interest-bearing liabilities of the Company stood at 717.9 billion yen at the end of September (the balance of consolidated net interest-bearing liabilities was 562 billion yen). There is a possibility that fluctuations in interest rates on borrowings resulting from a change in the financial situation in the future will impact the results of the Company.

(6) Principal corporate governance concept

The following is a list of main concepts and specific efforts related to the Company's corporate governance.

Core Concept

The Company has taken a new standpoint that places special emphasis on social responsibility and is determined to establish a corporate culture that places top priority on compliance, customers, and safety.

Fundamental Approach

Presently, the structure of the Company's Board of Directors, comprised of twelve board members (including five outside board members) and four statutory auditors (including two external statutory auditors), provides sufficient deliberation and exchange. The Company has also established a Business Ethics Committee, led by experts from outside the Company, which has a direct link to the Board of Directors to provide external guidance and advice. An Executive Committee is held weekly to bring managing directors together in order to streamline the decision making process. A Corporate Restructuring Committee, which is comprised of various cross-functional teams with business-specific goals, has been initiated to help carry out the revitalization plan. Each team is made-up of young, talented employees who will break through corporate stereotypes. In addition, a Corporate Social Responsibility (CSR) promotion office has been established under the direct control of the CEO to attempt to embed compliance and also to construct a reporting process that reflects the voice of stakeholders. Together with this, the CSR promotion office will attempt to monitor quality assurance, development and production divisions while also expand the Company's PR functions and continuously endeavor to quickly restore trust.

III Management results and financial position

(1) Management results

Overview of consolidated results in fiscal 2003

Consolidated net sales for the first half were 1,070.8 billion yen (11.3 percent decrease year over year). Looking at revenue by region, the introduction of the new Colt combined with overall brisk sales in countries including Britain, Russia and the Ukraine have boosted sales in Europe by 29.2 billion yen (9.2 percent), when compared to the first half last year, for a total of 348 billion yen.

In contrast, first-half sales of registered vehicles in Japan were 182.8 billion yen, which is a 109.7 billion yen, or 37. 5 percent decrease when compared to the same period last year.

Furthermore, the reduction of fleet sales in the US for one has lead to sales declining by 43.9 billion yen, or 15.6 percent, for a net sales total of 237.3 billion yen.

In Asia and other areas, a large portion of sales were comprised of lower revenue-yielding parts for overseas production which caused sales to decline by 11.6 billion yen, or 3.7 percent, for a total of 302.7 billion yen.

The Company posted an operating loss of 63.5 billion yen, which was a 12.9 billion yen improvement over the same period last year.

Negative trends affecting profit included sales volume decrease and product mix influence of 58.7 billion yen, revision of unit selling price in countries such as Thailand to the effect of 4.1 billion yen, exchange rate losses of 4.5 million yen, and costs from the investigation into and repair costs of domestic market recalls including 6.5 billion yen of warranty claims for a total of 14.8 billion yen.

Positive effects on overall operating performance included the non-recurrence of a one-time charge of 41.7 billion yen stemming from credit losses at the Company's US financial services business last year, the reduction of sales promotion expenses by 33.4 billion yen including domestic sales promotion and US marketing expense decreases. Additionally, material costs were reduced by 9.7 billion yen.

Ordinary loss was 97.7 billion yen for a year-on-year decline of 11.9 billion yen. The decline can be attributed to non-operating expenses including a fee for the issuance of new shares to raise capital in June and July of 12 billion, and a loss attributed to equity method affiliates of 13.6 billion yen.

The Current loss for the first half was 146.2 billion yen. This was the result of several extraordinary losses including 19.9 billion yen for measures to restore trust in the market which included free vehicle inspection services in Japan, 6.1 billion yen resulting from restructuring costs related to our facilities in Australia, 6.3 billion yen stemming from costs incurred by the integration of production facilities in the Nagoya area, and a write-off of 7.9 billion yen for the cancellation of the development of a new car.

Segment Information

Business Segment Information

First half revenues for the Company's automotive business were 1,405 billion yen, a decrease of 10.6 percent over the same period last year producing an operating loss of 61.3 billion yen, or a decrease of 26.3 billion yen over the same period in fiscal 2003.

Revenues from the Company's financial services business were 32 billion yen, a decrease of 20.7 percent over the same period in fiscal 2003, producing an operating loss of 0.5 billion yen, or an improvement of 44.4 billion yen over the same period in fiscal 2003. This improvement can be attributed to the non-recurrence of a one-time charge for credit losses.

MMC regrets to announce that it intends once again to defer payment of the half-year dividend. The Company apologizes sincerely to its shareholders and asks for their continuing understanding and patience.

(2) Financial situation

The cash flow from operating activities of the first half showed an outflow of 118.8 billion yen, which is an increase of 110 billion yen compared to the previous year. This is attributable to the current loss before adjustments for taxes and minority interests and a decline in sales revenues.

Cash flows from investing activities were that expenditures on tangible fixed assets outweighed the sales of assets resulting in an outflow of 34.8 billion yen (an increase of 29.5 billion yen compared to last year).

Cash flow from financing activities showed a cash inflow of 112.8 billion yen due largely in part to the issuance of new shares necessary to shore up capital for business revitalization and of which a portion was allocated to the repayment of both short- and long-term debt. Year-over-year, this was an increase of 17.2 billion yen. The balance of cash and cash equivalents stood at 142.5 billion yen, or 20 billion less than at the beginning of the period.

Trends in cash flow indices

	Year-end FY 2002	Half-year FY2003	Year-end FY2003	Half-year FY2004
Ratio of shareholders` equity (%)	11.6	7.8	1.5	19.5
Ratio of shareholders` equity at market value (%)	16.7	16.8	19.2	15..9
Debt redemption term (years)	57.3 ＊7.7	—	—	—
Interest coverage ratio	0.5 ＊3.8	—	—	—

＊(NOTE)

An increase or decrease in financial credits related to sales in North America is reflected in cash flow from operating activities beginning fiscal 2002. Therefore, indices that were calculated based on the past categories are shown.

Definitions:

Net worth ratio: shareholders' equity / total assets
Net worth ratio on market value basis: total market value of shares / total assets
Number of years for repayment of debts: interest bearing liabilities / cash flow from operating activities
Interest coverage ratio: cash flow from operating activities / amount of interest payments

Notes

※ All indexes are calculated based on the figures of consolidated financial statements.

※ The total market value of shares was calculated by multiplying the closing share price at the end of fiscal year by the number of outstanding shares (excluding treasury shares) at the end of fiscal year.

※ Cash flow from operating activities shown in the consolidated financial statements is used for the above cash flow from operating activities. Interest bearing liabilities indicate all liabilities shown on the balance sheet for which interest is paid. The amount of interest payments shown in the consolidated cash flow statement is used for the above amount of interest payments.

(4) Fiscal 2004 Earnings Estimates

The prevailing outlook for fiscal 2004 results is as follows:

	Consolidated results	Non-consolidated results
Sales	2,100 billion yen	1,160 billion yen
Ordinary profit	－180 billion yen	－105 billion yen
Current profit	－240 billion yen	－150 billion yen

※The above figures are calculated based on judgments and forecasts which rely on currently available information, and include risks and uncertainties. There is a possibility that actual results will differ markedly from the currently forecast figures because of changes in the business climate surrounding the business of the Company in the future, market movements, and foreign exchange rate fluctuations, among other factors.

Ⅳ Consolidated financial statements

(1) Consolidated statements of income / loss

in millions of yen

	4/1/04 -9/30/04	4/1/03 -9/30/03	Change
Sales	**1,070,812**	**1,206,832**	**-136,020**
Cost of sales	913,179	1,061,190	-148,011
Gross profit before provision for unrealized profit on installment sales	157,633	145,641	11,992
Provision for unrealized profit on installment sales	10	28	-18
Gross profit	**157,643**	**145,670**	**11,973**
Selling, general and administrative expenses	221,101	222,021	-920
Operating profit / loss	**-63,457**	**-76,350**	**12,893**
Non-operating income	7,946	12,751	-4,805
(Interest and dividend income)	(4,558)	(5,942)	(-1,384)
(Other income)	(3,387)	(6,809)	(-3,422)
Non-operating expenses	42,178	22,190	19,988
(Interest expense)	(12,549)	(14,356)	(-1,807)
(Other expenses)	(29,628)	(7,833)	(21,795)
Ordinary income / loss	**-97,689**	**-85,789**	**-11,900**
Extraordinary gains	2,189	17,728	-15,539
Extraordinary losses	47,391	3,415	43,976
Net income / loss before taxes	**-142,890**	**-71,476**	**-71,414**
Income taxes	3,005	8,646	-5,641
Minority interests	263	92	171
Net income / loss	**-146,159**	**-80,215**	**-65,944**

(2) Consolidated surplus statements

in millions of yen

	4/1/04 -9/30/04	4/1/03 -9/30/03	Change
Capital surplus			
Capital surplus at beginning of term	**27,513**	**224,481**	**-196,968**
Increase in capital surplus	**248,000**	**210**	**247,790**
(Issuance of new shares)	(248,000)	(-)	(248,000)
(Increase due to change in scope of consolidation)	(-)	(210)	(-210)
Decrease in capital surplus	**-**	**197,179**	**-197,179**
(Transfer to retained earnings)	(-)	(197,179)	(-197,179)
Capital surplus at end fo term	**275,513**	**27,513**	**248,000**
Retained earnings			
Retained earnings at beginning of term	**-183,410**	**-155,847**	**-27,563**
Increase in retained earnings	**2,127**	**197,307**	**-195,180**
(New equity method affiliates)	(2,127)	(-)	(2,127)
(Merger of non-consolidated subsidiaries with consolidated subsidiaries)	(-)	(127)	(-127)
(Transfer from capital surplus)	(-)	(197,179)	(-197,179)
Decrease in retained earnings	**146,159**	**86,277**	**59,882**
(Net loss for term)	(146,159)	(80,215)	(65,944)
(Inclusion of new consolidated subsidiaries)	(-)	(12)	(-12)
(Decrease due to change in scope of consolidation)	(-)	(6,049)	(-6,049)
Retained earnings at end of term	**-327,442**	**-44,817**	**-282,625**

(3) Consolidated balance sheets

in millions of yen

Assets	At 9/30/04	At 3/31/04	Change
Current assets	(811,201)	(869,393)	(-58,192)
Cash on hand and in banks	155,883	173,514	-17,631
Trade notes and accounts receivable	135,852	187,093	-51,241
Finance receivables	63,262	44,451	18,811
Marketable securities	1,844	10,558	-8,714
Inventories	306,264	275,460	30,804
Short-term loans receivable	4,181	4,719	-538
Residual interest in sold receivables	-	3,540	-3,540
Deferred tax assets	3,629	4,979	-1,350
Other current assets	149,011	169,343	-20,332
Allowance for doubtful accounts	-8,727	-4,268	-4,459
Fixed assets	(1,106,510)	(1,159,641)	(-53,131)
Tangible fixed assets	697,664	707,717	-10,053
Intangible fixed assets	32,190	29,719	2,471
Long-term finance receivables	134,728	105,612	29,116
Investments	104,421	140,252	-35,831
Long-term loans receivable	11,939	9,944	1,995
Residual interest in sold receivables	125,031	155,264	-30,233
Deferred tax assets	19,293	19,721	-428
Other non-current assets	76,947	85,156	-8,209
Allowance for doubtful accounts	-95,706	-93,746	-1,960
Total assets	1,917,712	2,029,035	-111,323

Liabilities, minority interests & stockholders' equity

	At 9/30/04	At 3/31/04	Change
Current liabilities	(1,140,918)	(1,567,096)	(-426,178)
Trade notes and accounts payable	292,234	345,212	-52,978
Short-term loans payable	492,659	716,950	-224,291
Non-interest bearing short-term loans payable	8,706	24,555	-15,849
Commercial papers	1,702	106,813	-105,111
Accrued expenses and other payables	147,179	156,350	-9,171
Accrued income taxes	2,955	1,771	1,184
Deferred income	70,186	110,390	-40,204
Allowance for warranty claims	37,004	38,403	-1,399
Other current liabilities	88,290	66,648	21,642
Non-current liabilities	(386,401)	(416,194)	(-29,793)
Bonds	40,893	42,237	-1,344
Long-term loans payable	182,601	196,624	-14,023
Non-interest bearing long-term loans payable	-	-	-
Deferred tax liabilities	17,992	24,751	-6,759
Accrued retirement benefits	99,447	112,520	-13,073
Other non-current liabilities	45,465	40,060	5,405
Total liabilities	1,527,320	1,983,291	-455,971
Minority interests	16,675	15,771	904
Stockholders' equity			
Common stock	500,201	252,201	248,000
Capital surplus	275,513	27,513	248,000
Retained earnings	-327,442	-183,410	-144,032
Unrealized gain on securities	10,892	19,917	-9,025
Translation adjustment	-85,443	-86,245	802
Treasury stock	-5	-3	-2
Total stockholders' equity	373,716	29,972	343,744
Total liabilities, minoritiy interests & stockholders' equity	1,917,712	2,029,035	-111,323

(4) Consolidated statements of cash flows

in millions of yen

	4/1/04 -9/30/04	4/1/03 -9/30/03	Change
Cash flows from operating activities			
Net income / loss before income taxes	-142,890	-71,476	-71,414
Depreciation	57,406	69,529	-12,123
Amortization of goodwill	-716	-723	7
Change in allowance for doubtful accounts	2,242	52,107	-49,865
Change in accrued retirement benefits	-12,622	-1,598	-11,024
Interest and dividend income	-4,558	-5,942	1,384
Interest expenses	12,549	14,356	-1,807
Foreign exchange gain / loss	-1,635	257	-1,892
Equity income / loss of affiliates	13,622	-2,956	16,578
Gain / loss on sale and disposal of tangible assets	3,359	2,701	658
Gain / loss on sale of investments	-1,071	-14,679	13,608
Loss on devaluation of investments	678	25	653
Change in trade notes and accounts receivable	55,946	46,152	9,794
Change in inventories	-23,291	-741	-22,550
Change in finance receivables	-39,863	-62,677	22,814
Change in residual interest in sold receivables	41,218	43,373	-2,155
Change in trade notes and accounts payable	-60,015	-53,333	-6,682
Others	-11,412	-13,206	1,794
Sub total	-111,055	1,168	-112,223
Interest and dividend received	6,134	5,975	159
Interest paid	-13,770	-12,673	-1,097
Income tax paid	-125	-3,314	3,189
Cash flows from operating activities	-118,817	-8,843	-109,974
Cash flows from investing activities			
Change in term deposits	-12,949	199	-13,148
Change in short-term investments	-	-15	15
Acquisition of tangible fixed assets	-66,594	-60,217	-6,377
Proceeds from sales of tangible fixed assets	37,295	42,938	-5,643
Acquisition of investments	-2,173	-718	-1,455
Proceeds from sales of investments	9,033	15,536	-6,503
Acquisition of subsidiaries accompanying change in scope of consolidation	-	-65	65
Proceeds from sales of subsidiaries accompanying change in scope of consolidation	-704	-	-704
Loans made	-2,112	-3,540	1,428
Collection of loans receivable	3,429	670	2,759
Others	-	-72	72
Cash flows from investing activities	-34,775	-5,285	-29,490
Cash flows from financing activities			
Change in short-term borrowings and commercial papers	-288,809	16,967	-305,776
Proceeds from long-term loans payable	94,094	146,320	-52,226
Repayment of long-term loans payable	-140,245	-75,765	-64,480
Issuance of bonds	3,701	61,774	-58,073
Redemption of bonds	-41,639	-53,638	11,999
Issuance of new share	484,038	-	484,038
Others	1,633	-64	1,697
Cash flows from financing activities	112,772	95,594	17,178
Effect of exchange rate changes on cash and cash equivalents	1,393	-1,079	2,472
Net change in cash and cash equivalents	-39,426	80,386	-119,812
Cash and cash equivalents at beginning of term	181,911	84,544	97,367
Change in cash and cash equivalents due to changes in scope of consolidation	-	-2,443	2,443
Cash and cash equivalents at end of term	142,484	162,487	-20,003

Basis of preparation of consolidated financial statements

Premise of Going Concern

MMC group had posted in the previous fiscal year a large net income loss of JPY215,424M.
In the first-half of fiscal year 2004 also, MMC has posted a net income loss of JPY146,159M.
As a result of these recurring losses, significant doubt arises as to the company's ability to continue as a going concern.
To solve this situation and to strengthen its operating base, MMC Group formulated a "Business Revitalization Plan" in May 2004 and added additional measures in June 2004 that centered on "All-out cost cutting measures", "Restoring customer trust" and "Across-the-board compliance".
The MMC group is now working as one to achieve its "Business Revitalization Plan" and the "Additional Measures".
As a result, these financial statements have been prepared based on the premise of going concern, and do not reflect the effect of any significant doubt as to going concern.

Scope of consolidation

Consolidated subsidiaries…………………………………… 113 companies

Consolidated subsidiaries in Japan……………………… 53 companies

Tokyo Mitsubishi Motor Sales Co., Ltd., Tokyo Mitsubishi Motor Parts Sales Co., Ltd., Pajero Manufacturing Co., Ltd. and others.

Consolidated subsidiaries outside Japan………………. 60 companies

Mitsubishi Motors North America, Inc., Mitsubishi Motors Europe B.V., Mitsubishi Motors Australia Ltd., and others.

Newly consolidated………………………………………… 5 companies

Fuso Engineering Co., Ltd. and 4 other companies

Deconsolidated……………………………………………… 10 companies

Fuso Engineering Co., Ltd. and 9 other companies

Application of equity method

Non-consolidated subsidiaries……………………………… 13 companies

MMCE Retail S.A. and others

Affiliates…………………………………………………… 29 companies

Mitsubishi Fuso Truck and Bus Corporation, Mitsubishi Auto Credit-Lease Corporation, P.T. Mitsubishi Krama Yudha Motors and Manufacturing and others.

New application of equity method ………………………12 companies

MDC Power GmbH. and 11 other companies

Excluded for this closing ………………………………… 1 company

MS Transportation Co., Ltd.

Accounting Policies

(1) Accounting standard for valuation of major assets

①Marketable securities

Held-to-maturity bonds……………………… 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 stockholders' equity. Selling cost is computed by the moving-average method.).

Without market value….………………… At cost using the moving-average method.

②Derivative instruments………………………… Valued at market (excluding swaps meeting the special provisions of the accounting standard)

③Inventories: basis and method of valuation

MMC and consolidated subsidiaries in Japan.

………………… Primarily at cost on the first-in first-out basis, or at cost using the specific identification cost method.

Overseas consolidated subsidiaries……… Cost or market, whichever is lower, using the specific identification cost method.

(2) Depreciation of fixed assets

①Tangible fixed assets

MMC and consolidated subsidiaries in Japan

………………… Declining balance method. Buildings (excluding related fixtures and facilities) acquired after 1 April 1998 are computed by the straight-line method.

Overseas consolidated subsidiaries……… Primarily Straight-line method.

②Intangible fixed assets………………………… Straight-line method.

(3) Allowances

①Doubtful accounts

To provide 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 receivables, and on the basis of individual estimates of specific receivables considered to be uncollectible.

②Warranty claims

To provide for 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 the terms of warranty agreements.

③Accrued retirement benefit

Accrued retirement benefits for employees at September 30 2004 have been provided mainly at an amount calculated from 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 using the straight-line method over a 10-year period that is within the estimated average remaining service years of the employees.

Actuarial gains and losses that arise are amortized commencing 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.

Directors and statutory auditors serverance benefits are provided at the amount estimated necessary at book-closing based on the regulations of the Company.

(4) Significant foreign currency transactions

Foreign currency cash claims and obligations are translated into yen at the exchange rate on the day of book-closing; translation differences are included in the statement of income / loss. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into yen at the exchange rate on the day of book-closing, and the foreign currency revenues and expenses of these companies are translated into yen at the average exchange rate for the period. Differences arising on consolidation of overseas subsidiaries are booked as Translation Adjustments in the “Stockholders’ equity and Minority interests” section of the balance sheet.

(5) Significant lease transactions

MMC and consolidated subsidiaries in Japan, finance leases, excluding leases in which ownership is recognized to have transferred to the lessee, are accounted for as ordinary rental transactions.
For overseas consolidated subsidiaries, finance leases are accounted for as ordinary purchase transactions.

(6) Major hedge accounting policies

①Forward exchange contracts……… Scheduled transactions are booked using deferral hedge accounting.
②Interest swaps………………. Booked using deferral hedge accounting or in accordance with the special provisions of the accounting standard.

(7) Other significant accounting policies

①Consumption tax…………….. Transactions are recorded net of consumption tax and regional consumption taxes.
②Installment sales profit……… A number of consolidated subsidiaries apply the installment receivables standard.
③Deferred assets……………… The full amount of stock issue costs are charged to expenses at the time of payments.

(8)Consolidated tax return

The company has adopted the consolidated tax return procedure.

4. Assets included in consolidated statements of cash flows

The cash and cash equivalents included in the consolidated statements of cash flows include cash in hand, deposits repayable on demand, and short-term investments that are easily convertible into cash, that are exposed to low price fluctuation risks and that have original maturities of three months or less when purchased.

5. Additional information

Tax expenses at the half year closing had previously been calculated by the simple method.
From this period, the principle method is adopted to achieve a more reasonable calculation.
The effect of this change is immaterial on the financial statements.

Notes to consolidated financial statements

1. Consolidated balance sheet

		in millions of yen
(1) Accumulated depreciation of tangible fixed assets		1,316,848
(2) Assets pledged as collateral (excluding asset groups pledged subject to floating charge)	Notes & accounts receivable	849
	Inventory	12,751
	Short-term & long-term sales finance recievables	120,675
	Tangible assets	179,008
	Other	1,426
Asset groups pledged subject to floating charge	Tangible assets	104,503
Secured liabilities	Short-term & long-term loans payable	401,932
(3) Non-consolidated subsidiaries and affiliates included in "Investments" and "other non-current assets"		
	Investments	58,107
	Other non-current assets	8,712
(3) Guarantee liabilities	Guarantee liabilities	8,227
	Other guarantee liabilities	4,868
(4) Outstanding balance of securitized assets	Notes and account receivable	10,084
	Finance receivables	353,238
(5) Goodwill Including "Other non-current liabilities"		1,439

2. Consolidated statement of income / loss

		in millions of yen
(1) Extraordinary gains	Gain on sales of fixed assets	766
	Reversal of restructuring costs	1,229
	Other gains	193
(2) Extraordinary losses	Loss on disposal of fixed assets	4,126
	Extraordinary measure expenses	19,888
	Provision for losses on restructuring	14,161
	Early retirement costs	6,617
	Other losses	2,598
(3) R&D expenditure included in sales and general administration costs		35,454

3. Consolidated statement of cash flows

The relationship between cash and cash equivalents and the amounts reported in the consolidated balance sheet is as follows:

	in millions of yen
Cash deposits	155,883
Term deposits of three months or more	-15,243
Trading securities with original maturities of three months or less	1,844
Cash and cash equivalents	142,484

Lease transactions

This note is omitted because it will be disclosed on "EDNET".

Segment information

(1) Business segment

in millions of yen

FY2004 half year	Automotive	Financial services	Total	Eliminations or Corporate	Consolidated
Sales & operating profit					
Sales					
(1) External customers	1,040,835	29,977	1,070,812	-	1,070,812
(2) Intersegment & transfers	(291)	1,998	1,706	(1,706)	-
Total	1,040,543	31,976	1,072,519	(1,706)	1,070,812
Operating expenses	1,101,888	32,467	1,134,355	(85)	1,134,270
Operating profit or (loss)	(61,345)	(490)	(61,835)	(1,621)	(63,457)

in millions of yen

FY2003 half year	Automotive	Financial services	Total	Eliminations or Corporate	Consolidated
Sales & operating profit					
Sales					
(1) External customers	1,166,707	40,125	1,206,832	–	1,206,832
(2) Intersegment & transfers	(3,410)	205	(3,205)	3,205	–
Total	1,163,296	40,330	1,203,627	3,205	1,206,832
Operating expenses	1,198,358	85,253	1,283,612	(429)	1,283,182
Operating profit or (loss)	(35,061)	(44,923)	(79,985)	3,634	(76,350)

in millions of yen

FY2003 full year	Automotive	Financial services	Total	Eliminations or Corporate	Consolidated
1. Sales & operating profit					
Sales					
(1) External customers	2,447,907	71,541	2,519,449	–	2,519,449
(2) Intersegment & transfers	(4,565)	1,084	(3,481)	3,481	–
Total	2,443,342	72,626	2,515,968	3,481	2,519,449
Operating expenses	2,494,206	122,507	2,616,714	(411)	2,616,302
Operating profit or (loss)	(50,864)	(49,880)	(100,745)	3,892	(96,852)
2. Assets, depreciation & capital expenditure					
Assets	1,784,453	485,540	2,269,994	(240,958)	2,029,035
Depreciation	108,051	31,419	139,471	-	139,471
Capital expenditure	113,907	37,015	150,923	-	150,923

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

2. *Major products by operation*

(1) *Automotive….. Passenger cars*

(2) *Financing……. Sales financing*

(2) Geographical segment

in millions of yen

FY2004 half year	Japan	North America	Europe	Asia	Other	Total	Eliminations or Corporate	Consolidated
Sales & operating profit								
Sales								
(1) External customers	379,495	229,389	346,343	37,984	77,599	1,070,812	-	1,070,812
(2) Intersegment & transfers	235,138	4,396	1,606	51,019	3,566	295,726	(295,726)	-
Total	614,634	233,786	347,949	89,003	81,166	1,366,539	(295,726)	1,070,812
Operating expenses	659,708	264,359	345,261	78,451	87,477	1,435,259	(300,989)	1,134,270
Operating profit or (loss)	(45,074)	(30,573)	2,687	10,552	(6,311)	(68,720)	5,262	(63,457)

in millions of yen

FY2003 half year	Japan	North America	Europe	Asia	Other	Total	Eliminations or Corporate	Consolidated
Sales & operating profit								
Sales								
(1) External customers	481,807	274,420	319,005	46,634	84,964	1,206,832	-	1,206,832
(2) Intersegment & transfers	253,943	4,067	-	49,388	4,603	312,002	(312,002)	-
Total	735,750	278,487	319,005	96,023	89,568	1,518,835	(312,002)	1,206,832
Operating expenses	744,147	352,553	311,459	87,768	97,411	1,593,340	(310,157)	1,283,182
Operating profit or (loss)	(8,396)	(74,066)	7,546	8,254	(7,842)	(74,505)	(1,845)	(76,350)

in millions of yen

FY2003 full year	Japan	North America	Europe	Asia	Other	Total	Eliminations or Corporate	Consolidated
1. Sales & operating profit								
Sales								
(1) External customers	1,014,935	592,661	656,241	89,171	166,439	2,519,449	-	2,519,449
(2) Intersegment & transfers	549,924	7,014	-	94,596	15,518	667,054	(667,054)	-
Total	1,564,860	599,675	656,241	183,767	181,958	3,186,503	(667,054)	2,519,449
Operating expenses	1,544,926	725,646	642,136	171,351	198,690	3,282,752	(666,449)	2,616,302
Operating profit or (loss)	19,933	(125,970)	14,105	12,415	(16,732)	(96,248)	(604)	(96,852)
2. Assets	1,197,472	676,349	257,556	86,514	82,830	2,300,723	(271,687)	2,029,035

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, Philippines

(4) Other……………. Australia, New Zealand, U.A.E

(3) Overseas sales

in millions of yen

FY2004 half year	North America	Europe	Asia	Other	Total
1. Overseas sales	237,329	348,049	139,288	163,386	888,054
2. Consolidated sales					1,070,812
3. Percentage of total sales	22.2%	32.5%	13.0%	15.2%	82.9%

in millions of yen

FY2003 half year	North America	Europe	Asia	Other	Total
1. Overseas sales	281,230	318,790	154,364	159,913	914,298
2. Consolidated sales					1,206,832
3. Percentage of total sales	23.3%	26.4%	12.8%	13.3%	75.8%

in millions of yen

FY2003 full year	North America	Europe	Asia	Other	Total
1. Overseas sales	600,770	661,967	304,429	330,974	1,898,141
2. Consolidated sales					2,519,449
3. Percentage of total sales	23.8%	26.3%	12.1%	13.1%	75.3%

Note: 1. National and regionalgrouping 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 and sales (other than export to Japan) of its foreign consolidated subsidiaries.

Marketable securities

(1) Other securities with market value

in millions of yen

	FY2004 half year At 9/30/2004			FY2003 half year At 9/30/2003			FY2003 full year At 3/31/2004		
	Cost	Balance sheet amount	Differences	Cost	Balance sheet amount	Differences	Cost	Balance sheet amount	Differences
Shares	10,075	27,376	17,300	29,385	72,865	43,479	17,744	49,989	32,245
Total	10,075	27,376	17,300	29,385	72,865	43,479	17,744	49,989	32,245

(2) Other securities without market value

in millions of yen

	FY2004 half year At 9/30/2004	FY2003 half year At 9/30/2003	FY2003 full year At 3/31/2004
① Held-to-maturity bonds			
Non marketable foreign bonds	−	2,423	-
② Other securities			
Non marketable securities	18,938	19,919	18,636
Other	1,844	−	11,085

Derivative financial instruments

This note is omitted because it will be disclosed on "EDNET".