## FY2005 Third Quarter Results: Consolidated Financial Statements

February 9, 2006
Mitsubishi Motors Corporation
Code: 7211 1st Section, Tokyo Stock Exchange and Osaka Securities Exchange

| ( URL http://www.mitsubishi-motors.co.jp/ ) |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Representative: Osamu Masuko; President |  |  |  |  |  |
| Contact: Yoshikazu Nakamura; Executive Officer, Corporate Genera |  |  |  |  |  |
| Responsibility Promotion Office and General Manager of P |  |  |  |  |  |
| 1.Basis for preparation of quarterly consolidated financial statements |  |  |  |  |  |
| 1) Adoption of simplified accounting policies Partial adoption of simplified accounting policies in calculation of income tax |  |  |  |  |  |
|  |  |  |  |  |  |
| 2) Change in accounting policies : Applicable Effective April 1, 2005, adoption of accounting standards for the impairment of fixed assets |  |  |  |  |  |
|  |  |  |  |  |  |
| $3)$ Change in scope of consolidation and equity method affiliates : Applicabl |  |  |  |  |  |
| Consolidation | Include | 1 | Equity Method Affliates | Include | 3 |
|  | Exclude | 14 |  | Exclude | 3 |

## 2. Financial highlights (April 1, 2005 through December 31, 2005)

(1) Consolidated financial results

|  | Sales |  | Operating Income |  | Ordinary Income |  | Net Income |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Million Yen | \% | Million Yen | \% | Million Yen | \% | Million Yen | \% |
| FY2005 3Q | 1,529,608 | -5.5 | -18,174 | - | -33,769 | - | -68,123 | - |
| FY2004 3Q | 1,617,887 | -11.7 | -99,689 | - | -144,126 | - | -228,227 | - |
| (Ref.)FY2004 | 2,122,626 |  | -128,544 |  | -179,172 |  | -474,785 |  |


|  | Net Income <br> per Share-Basic | Net Income <br> per Share-Diluted |
| :---: | ---: | ---: |
| FY2005 3Q | -15.44 | Yen |
| FY2004 3Q | -105.59 | - |
| (Ref.)FY2004 | -194.36 | - |

Note: The percentage figures adjacent to the monetary figures indicate the percentage change on the same period in the previous fiscal yea

Details of business results (consolidated) for the period
In the first 3 quarters of the fiscal year (April through December 2005-9 months) unit volume (retail base) totaled 985 thousand units, up 34 thousand units from the comparable period in the last fiscal year. Regionally, results were as follows. The Japanese market has seen 8 consecutive months of year-on-year unit volume growth since May of 2005. Especially due to the strong launch of the new SUV Outlander in October, unit volume in Japan totaled 163 thousand vehicles for the 3 quarter period, up 17 thousand units year-on-year. In North America, volume is steadily growing in Mexico and Puerto Rico. In the United States however, despite the introduction of the new Eclipse sport coupe in May, the effects of high fuel prices and ongoing efforts to normalize sales through curtailing fleet sales have resutled in a total unit volume of 121 thousand units, a decrease of 10 thousand units year-on-year. In the European market, in addition to steady sales in the large markets of the UK and Germany, high sales growth in Russia has led to a regional total of 195 thousand units in the period, 24 thousand units higher year-on-year. In Asia and other regions, declines in North Asia (China \& Taiwan) and Malaysia have been offset by strength in Thailand, Central \& South America, and the Mid East \& Africa. Total unit volume came to 506 thousand units, an increase of 3 thousand units over the first 3 quarters of fiscal 2004.

Total revenue for the first 3 quarters of fiscal 2005 came to 1.5296 trillion Yen, a decrease of 88.3 billion over the previous fiscal year. Regionally, resutls were as follows. In Japan, increases in unit volume lead to a year-on-year increase of 49.8 billion Yen. In North America however, lower unit volumes due to the ending of an OEM supply contract in fiscal 2004 and to efforts to curtail fleet sales, as well as due to the transition to a new operating structure in the financial services unit, revenues fell 30.8 billion Yen year-on-year. Also, in the European market, lower volumes from OEM supply agreements, and controlled wholesale sales to reduce dealer inventories resulted in a decline in revenues of 101.1 billion Yen year-on-year. In Asia and other regions, strength in the ASEAN region, Oceania, Central \& South America, and the Mid East \& Africa did not offset weakness in North Asia; revenues fell slightly, 6.2 billion Yen over the previous period.

Operating income came in at a loss of 18.2 billion Yen for the 9 month period, an improvement of 81.5 billion Yen over the first 3 quarters of fiscal 2004. The breakdown of the improvement is as follows. Unit volume and product mix improved operating income 18.9 billion Yen year-on-year. Lower selling expenses, mainly due to lower spending on advertising in the US and Europe, contributed a 5.3 billion Yen improvement. A weaker Yen and resulting foreign exchange gains provided a 5.9 billion Yen improvement year-on-year. Lower waranty related expenses in Japan contributed 22.4 billion Yen, and lower depreciation expenses resulting from asset impairment charges taken in the US and Australia in fiscal 2004 improved operating income 10.4 billion over the same period last year. Other reasons included the non-reoccurence of losses related to the sale of sales-finance receivables in the US financial services unit, which occured in fiscal 2004, improving operating results 12.9 billion Yen year-on-year.

Non-operating income for the April to December period totaled a loss of 15.6 billion Yen, a 28.8 billion improvement over the comparable period in the previous year. Within this figure, non-operating losses \& expenses totaled 27.4 billion Yen, a reduction of 27.0 billion year-on-year. The main reasons for the improvement were the non-reoccurence of stock issuance fees booked in the last fiscal year, and a large reduction of losses stemming from equity method affiliates. Ordinary income for the period came in at a loss of 33.8 billion Yen, a 110.3 billion reduction from the ordinary loss realized in the previous fiscal year.

For extraordinary income \& taxes, new asset impairent accounting rules implemented in Japan in the 2nd quarter resulted in a 21.9 billion Yen extraordinary charge, and an extraordinary income \& taxes figure of a 30.2 billion loss for the first half of the current fiscal year. Taxes incurred in overseas subsidiaries in the 3rd quarter brought this figure to a loss of 34.3 billion Yen. As a result, net income for the first 3 quarters of fiscal 2005 totaled a loss of 68.1 billion Yen, a year-on-year reduction in losses of 160.1 billion.
(2) Consolidated financial position

Note: amounts are rounded to the nearest one million Yen.

|  | Total Assets | Shareholders' <br> Equity | Ratio of <br> Shareholders' Equity | Shareholders' Equity <br> per Share |
| :---: | ---: | ---: | ---: | ---: |
|  | Million Yen | Million Yen |  |  |
| FY2005 3Q | $1,557,316$ |  |  |  |
| FY2004 3Q | $1,612,123$ | 261,110 | 16.8 | -29.79 |
| (Ref.)FY2004 | $1,589,286$ | 289,795 | 18.0 | -32.72 |

## Details of financial position as of December 31, 2005

Total assets at the end of the 3rd quarter totaled 1.5573 trillion Yen, a decrease of 32.0 billion over the previous period. While investories increased due to production ramp ups associated with new model launches, the increase did not offset a decrease in cash due to the repayment of debts as well as a decrease in notes \& accounts receivable. Scheduled repayments decreased total interest bearing debt by 32.9 billion Yen in the period, to 443.1 billion outstanding. Shareholders' equity declined by 63.7 billion over the figure at the end of fiscal 2004 (March 31, 2005), to 261.1 billion Yen, due to the net loss incurred in the first 3 quarters of fiscal 2005.
$\bigcirc$ Appendix
Quarterly consolidated balance sheet, quarterly consolidated income/loss statements, quarterly consolidated capital surplus statement

## Reference】

## Forecasts for fiscal 2005

Forecasts announced as part of the November 10, 2005 fiscal 2005 first half results announcement have not been changed.

Caution: These forecasts are based on estimates that have been made on the basis of currently available information. Changes in the company' 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 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Reference |
|  |  | At 12/31/2005 | At 3/31/2005 | Change | At 12/31/2004 |
| Assets |  |  |  |  |  |
| Current assets |  | ( 803,258) | 821,937) | -18,679) | ( 723,556) |
| Cash and cash equivalents |  | 248,181 | 307,474 | -59,293 | 132,874 |
| Trade notes and accounts receivable |  | 135,506 | 150,951 | -15,445 | 128,987 |
| Finance receivables |  | 32,000 | 24,476 | 7,524 | 10,928 |
| Marketable securities |  | 7,492 | 4,220 | 3,272 | 11,496 |
| Inventories |  | 278,584 | 233,353 | 45,231 | 277,041 |
| Short-term loans receivable |  | 2,023 | 2,386 | -363 | 3,202 |
| Residual interest on securitized assets |  | - | - | - | 29,908 |
| Deferred tax assets |  | 1,318 | 1,799 | -481 | 2,288 |
| Other current assets |  | 118,143 | 111,452 | 6,691 | 136,910 |
| Allowance for doubtful accounts |  | -19,992 | -14,176 | -5,816 | -10,080 |
| Fixed assets |  | 754,057) | ( 767,348) | -13,291) | ( 888,567) |
| Tangible fixed assets |  | 530,965 | 530,903 | 62 | 634,271 |
| Intangible fixed assets |  | 26,054 | 32,107 | -6,053 | 32,160 |
| Long-term finance receivables |  | 4,290 | 2,072 | 2,218 | 7,392 |
| Investment securities |  | 75,558 | 71,867 | 3,691 | 102,239 |
| Long-term loans receivable |  | 12,672 | 11,747 | 925 | 11,493 |
| Residual interest on securitized assets |  | 99,347 | 111,709 | -12,362 | 88,031 |
| Deferred tax assets |  | 7,494 | 6,730 | 764 | 21,072 |
| Other non-current assets |  | 72,516 | 75,154 | -2,638 | 70,383 |
| Allowance for doubtful accounts |  | -74,842 | -74,943 | 101 | -78,477 |
|  | Total assets ( | 1,557,316) | ( 1,589,286) | -31,970) | ( 1,612,123) |
| Liabilities, minority interest, \& shareholders' equity |  |  |  |  |  |
| Current liabilities |  | 906,175) | ( 857,338) | 48,837) | ( 924,128) |
| Trade notes and accounts payable |  | 351,617 | 293,853 | 57,764 | 290,386 |
| Short-term loans payable ... |  | 262,379 | 277,952 | -15,573 | 332,422 |
| Commercial paper |  | - | - | - | 1,678 |
| Accrued expenses and other payables |  | 187,492 | 181,250 | 6,242 | 139,029 |
| Accrued income taxes |  | 5,195 | 3,157 | 2,038 | 3,091 |
| Allowance for warranty claims |  | 50,553 | 49,859 | 694 | 32,541 |
| Other current liabilities |  | 48,937 | 51,264 | -2,327 | 124,977 |
| Non-current liabilities |  | 378,130) | ( 396,935) | -18,805) | ( 382,248) |
| Bonds |  | 51,850 | 40,941 | 10,909 | 41,013 |
| Long-term loans payable |  | 128,863 | 157,078 | -28,215 | 175,937 |
| Deferred tax liabilities |  | 18,270 | 17,357 | 913 | 17,766 |
| Accrued retirement benefits |  | 104,254 | 99,295 | 4,959 | 99,408 |
| Accrued retirement benefits for executives |  | 1,863 | 1,614 | 249 | - |
| Other non-current liabilities |  | 73,027 | 80,647 | -7,620 | 48,122 |
|  | Total liabilities ( | 1,284,305) | ( 1,254,274) | 30,031) | ( 1,306,376) |
|  | Minority interest ( | ( 11,900) | ( 10,229) | 1,671) | ( 15,951) |
| Shareholders' equity |  |  |  |  |  |
| Common \& preferred stock |  | 642,326 | 642,300 | 26 | 500,201 |
| Capital surplus |  | 417,638 | 417,612 | 26 | 275,513 |
| Retained earnings |  | -725,150 | -656,068 | -69,082 | -409,510 |
| Unrealized gains on securities |  | 9,186 | 9,208 | -22 | 10,440 |
| Forex translation adjustment Treasury stock |  | -82,877 | -88,262 | 5,385 | -86,843 |
|  |  | -12 | -8 | -4 | -5 |
| Treasury stock ${ }_{\text {a }}$ | areholders' equity ( | ( 261,110) | ( 324,782) | -63,672) | ( 289,795) |
|  | areholders' equity 1 | 1,557,316) | ( 1,589,286) | -31,970) | ( 1,612,123) |


(3) Consolidated statements of capital surplus and retained earnings
in millions of Yen

|  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |

## \$egment information)

f) Business segment

| FY2005 3Q | Automotive | Financial services | Total | Eliminations for Consolidation | Consolidated |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Sales \& operating income |  |  |  |  |  |
| Sales |  |  |  |  |  |
| (1) External customers | 1,501,289 | 28,318 | 1,529,608 |  | 1,529,608 |
| (2) Intersegment sales \& transfers | -106 |  | -106 | 106 |  |
| Total | 1,501,182 | 28,318 | 1,529,501 | 106 | 1,529,608 |
| Operating expenses | 1,524,601 | 25,001 | 1,549,602 | -1,819 | 1,547,782 |
| Operating income / loss | -23,418 | 3,317 | -20,101 | 1,926 | -18,174 |


| FY2004 3Q | Automotive | Financial services | Total | Eliminations for Consolidation | Consolidated |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Sales \& operating income |  |  |  |  |  |
| Sales |  |  |  |  |  |
| (1) External customers | 1,576,553 | 41,333 | 1,617,887 |  | 1,617,887 |
| (2) Intersegment sales \& transfers | -413 | 3,094 | 2,680 | -2,680 |  |
| Total | 1,576,140 | 44,427 | 1,620,568 | -2,680 | 1,617,887 |
| Operating expenses | 1,672,100 | 60,413 | 1,732,513 | -14,936 | 1,717,576 |
| Operating income / loss | -95,959 | -15,985 | -111,945 | 12,255 | -99,689 |

Reference】

| FY2004 | Automotive | Financial services | Total | Eliminations for of yen <br> Consolidation | Consolidated |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Sales \& operating income |  |  |  |  |  |
| Sales |  |  |  |  |  |
| (1) External customers | $2,086,907$ | 35,718 | $2,122,626$ | $-2,122,626$ |  |
| (2) Intersegment sales \& 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 / loss | $-104,305$ | $-21,066$ | $-125,371$ | $-3,172$ | $-128,544$ |

Note: 1. Operations are divided by sector and by market.
2. Major products by business segment
(1) Automotive . ....... Passenger cars
(2) Financal services … Sales-finance products
(2) Geographical segment

| FY2005 3Q | Japan | North America | Europe | Asia | Other | Total | Eliminations for Consolidation | Consolidated |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Sales \& operating income |  |  |  |  |  |  |  |  |
| Sales |  |  |  |  |  |  |  |  |
| (1) External customers | 599,753 | 303,214 | 418,741 | 80,786 | 127,112 | 1,529,608 |  | 1,529,608 |
| (2) Intersegment sales \& transfers | 362,356 | 9,356 | 10,795 | 79,610 | 932 | 463,051 | -463,051 |  |
| Total | 962,110 | 312,570 | 429,537 | 160,396 | 128,044 | 1,992,659 | -463,051 | 1,529,608 |
| Operating expenses | 987,609 | 320,434 | 419,496 | 147,878 | 131,818 | 2,007,236 | -459,454 | 1,547,782 |
| Operating income / loss | -25,499 | -7,863 | 10,041 | 12,518 | -3,774 | -14,577 | -3,597 | -18,174 |


| FY2004 3Q | Japan | North America | Europe | Asia | Other | Total | Eliminations for Consolidation | Consolidated |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Sales \& operating incomeSales |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| (1) External customers | 581,304 | 337,132 | 519,230 | 63,685 | 116,534 | 1,617,887 |  | 1,617,887 |
| (2) Intersegment sales \& transfers | 350,880 | 6,871 | 4,170 | 88,047 | 4,369 | 454,339 | -454,339 |  |
| Total | 932,184 | 344,003 | 523,400 | 151,733 | 120,904 | 2,072,226 | -454,339 | 1,617,887 |
| Operating expenses | 983,393 | 402,754 | 521,344 | 135,116 | 131,085 | 2,173,695 | -456,118 | 1,717,576 |
| Operating income / loss | -51,209 | -58,750 | 2,056 | 16,616 | -10,181 | -101,468 | 1,779 | -99,689 |

## Reference】

| FY2004 | Japan | North America | Europe | Asia | Other | Total | $\begin{array}{\|c\|} \hline \text { Eliminations } \\ \text { for Consolidation } \\ \hline \end{array}$ | Consolidated |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Sales \& operating income Sales |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| (1) External customers | 791,620 | 422,294 | 664,546 | 89,079 | 155,085 | 2,122,626 | - | 2,122,626 |
| (2) Intersegment sales \& 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 income / loss | -73,561 | -74,256 | -192 | 21,602 | -11,448 | -137,857 | 9,313 | -128,544 |

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) Other..
..Australia, New Zealand, U.A.E.

## (3) Overseas sales

| FY2005 3Q | North millions of Yen <br> America | Europe | Asia | Other | Total |
| :--- | ---: | ---: | ---: | ---: | ---: |
| I . Overseas sales | 321,012 | 419,865 | 180,647 | 274,153 | $1,195,680$ |
| II. Consolidated sales |  |  |  |  | $1,529,608$ |
| III. Overseas sales as a percentage of total sales | $21.0 \%$ | $27.5 \%$ | $11.8 \%$ | $17.9 \%$ | $78.2 \%$ |


| FY2004 3Q millions of Yen |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: |
| North <br> America | Europe | Asia | Other | Total |  |
| I . Overseas sales | 351,778 | 521,032 | 204,733 | 256,299 | $1,333,844$ |
| II. Consolidated sales |  |  |  |  | $1,617,887$ |
| III. Overseas sales as a percentage of total sales | $21.7 \%$ | $32.2 \%$ | $12.7 \%$ | $15.8 \%$ | $82.4 \%$ |

## Reference】

| FY2004 | North <br> America | Europe | Asia | Other | Total |
| :--- | ---: | ---: | ---: | ---: | ---: |
| I . Overseas sales | 441,441 | 667,778 | 258,331 | 342,184 | $1,709,736$ |
| II. Consolidated sales |  |  |  |  | $2,122,626$ |
| III. 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, Puerto Rico
(2) Europe................... The Netherlands, Italy, Germany
(3) Asia........................ Thailand, Malaysia, Taiwan
(4) Other. $\qquad$ 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

## Income statement (summary version)

| in millions of Yen |  |  |  |
| :--- | ---: | ---: | ---: |
|  | FY2005 1-3Q <br> $(4 / 1 / 05-12 / 31 / 05)$ | FY2004 1-3Q <br> $(4 / 1 / 04-12 / 31 / 04)$ | Change |
| Sales | 896,015 | 862,656 | 33,359 |
| Operating Income | $-22,568$ | $-43,086$ | 20,518 |
| Ordinary income | $-21,710$ | $-68,533$ | 46,823 |
| Pre-tax income | $-60,132$ | $-169,515$ | 109,383 |
| Taxes | 4,653 | $-1,130$ | 5,783 |
| Net income | $-64,786$ | $-168,384$ | 103,598 |

## Balance sheet (summary version)

|  | At 12/31/2005 | At 3/31/2005 | Change |
| :---: | :---: | :---: | :---: |
| Assets |  |  |  |
| Current assets | 625,284 | 645,226 | - 19,942 |
| Cash and cash equivalents | 148,637 | 244,043 | - 95,406 |
| Accounts \& notes receivable | 132,827 | 128,190 | 4,637 |
| Short-term loans receivable | 154,772 | 106,315 | 48,457 |
| Others | 189,046 | 166,676 | 22,370 |
| Fixed assets | 453,062 | 478,208 | - 25,146 |
| Tangible fixed assets | 197,875 | 214,475 | - 16,600 |
| Intangible fixed assets | 14,507 | 15,691 | - 1,184 |
| Investments and others | 240,679 | 248,041 | -7,362 |
| Total assets | 1,078,346 | 1,123,435 | -45,089 |
| Liabilities |  |  |  |
| Current liabilities | 497,459 | 445,712 | 51,747 |
| Accounts \& notes payable | 271,263 | 221,849 | 49,414 |
| Short-term loans payable | 79,866 | 74,550 | 5,316 |
| Others | 146,329 | 149,313 | - 2,984 |
| Non-current liabilities | 315,620 | 347,592 | - 31,972 |
| Bonds | 37,300 | 37,300 | - |
| Long-term loans payable | 110,675 | 134,507 | - 23,832 |
| Others | 167,644 | 175,784 | -8,140 |
| Total liabilities | 813,079 | 793,305 | 19,774 |
| Stockholders' equity |  |  |  |
| Common \& preferred stock | 642,326 | 642,300 | 26 |
| Capital surplus | 418,173 | 418,148 | 25 |
| Retained earnings | - 804,109 | - 739,322 | -64,787 |
| Unrealized gains on securities | 8,888 | 9,012 | - 124 |
| Treasury stock | - 12 | - 8 | -4 |
| Total stockholders' equity | 265,266 | 330,130 | -64,864 |
| Total liabilities \& stockholders' equity | 1,078,346 | 1,123,435 | - 45,089 |

