

(TRANSLATION OF ORIGINAL JAPANESE)

FY2004 Full Year Results: Non-consolidated Statements

23 May 2005

(1 April 2004 through 31 March 2005)

Mitsubishi Motors Corporation

Code No: 7211

Listed on: Tokyo, Osaka stock exchanges

Head office: Tokyo

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

Representative: Takashi Nishioka; Chairman of the Board

Contact: Yoshikazu Nakamura; Executive Officer, CGM of CSR Promotion Office and GM of PR & IR Dept. Tel: 03-6719-4206

Meeting of Board of Directors for FY2004 financial results: 23 May 2005

Provision for half year dividend: Provision exists

Ordinary general shareholders meeting: 23 June 2005

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

1. Highlights (1 April 2004 through 31 March 2005)

(1) Non-consolidated results

	Sales		Operating profit		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2004	1,163,498	- 18.1	- 62,246	-	- 85,152	-
FY2003	1,421,047	- 24.3	29,689	- 40.8	21,165	- 55.7

	Net income		Net income per share - basic	Net income per share - diluted	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to sales
	Million yen	%	Yen	Yen	%	%	%
FY2004	- 526,225	-	- 215.41	-	- 253.0	- 7.6	- 7.3
FY2003	- 213,097	-	- 143.65	-	- 107.0	1.7	1.5

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

	FY2004 full year	FY2003 full year
Common stock	2,442,864,522	1,483,429,792
Preferred stock	298,064	-

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

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

(2) Cash dividends

	Cash dividend per share			Annual cash dividends total	Dividend payout ratio	Dividends total to shareholders' equity ratio
	Interim	Year-end				
FY2004	0.00	0.00	0.00	0	-	-
FY2003	0.00	0.00	0.00	0	-	-

(3) Non-consolidated financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2004	1,123,435	330,130	29.4	- 46.09
FY2003	1,115,110	85,882	7.7	57.89

Note 1: Average number of shares issued and outstanding at term end:

	FY2004 full year	FY2003 full year
Common stock	4,253,940,962	1,483,427,216
Preferred stock	526,193	-

Note 2: Treasury stock at term end: 54,250 11,718

2. FY2005 full year non-consolidated results forecast (1 April 2005 through 31 March 2006)

	Sales	Ordinary income	Net income	Dividend per share	
				Interim	Year-end
Half year	550,000	- 40,000	- 80,000	0.00	-
Full year	1,200,000	- 48,000	- 90,000	-	0.00

Note: Forecast net income per share for full year: ¥-21.16

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

1.Sales figures

(1) Sales volume

Units

	1 April 2004 - 31 March 2005			1 April 2003 - 31 March 2004			Change in total
	Domestic	Export	Total	Domestic	Export	Total	
Passenger cars (regular & small-size)	72,058	398,176	470,234	128,060	408,176	536,236	- 66,002
Mini vehicles	154,832	-	154,832	230,785	-	230,785	- 75,953
Total	226,890	398,176	625,066	358,845	408,176	767,021	- 141,955

(1) Sales amount

Million yen

	1 April 2004 - 31 March 2005			1 April 2003 - 31 March 2004			Change in total
	Domestic	Export	Total	Domestic	Export	Total	
Vehicle sales	230,972	543,785	774,757	387,792	583,220	971,012	- 196,255
Parts for overseas production	-	161,136	161,136	-	200,036	200,036	- 38,900
Parts, accessories & others	89,397	138,208	227,605	91,043	158,956	249,999	- 22,394
Total	320,369	843,129	1,163,498	478,835	942,212	1,421,047	- 257,549

2. Profit and loss statements

Million yen

	FY2004 full year (4/1/04 - 9/31/05)	FY2003 full year (4/1/03 - 3/31/04)	Change
Sales	1,163,498	1,421,047	- 257,549
Cost of sales	1,048,651	1,208,459	- 159,808
Gross profit	114,847	212,588	- 97,741
Selling, general and administrative expenses	177,093	182,899	- 5,806
Operating profit	- 62,246	29,689	- 91,935
Non-operating income	11,631	14,061	- 2,430
Interest income	5,565	1,337	4,228
Dividends	5,964	12,545	- 6,581
Other income	100	178	- 78
Non-operating expenses	34,537	22,584	11,953
Interest expenses	10,336	8,193	2,143
Interest on corporation bonds	-	2,289	- 2,289
Stock issue costs	12,854	-	12,854
Loss on foreign exchange	4,462	3,914	548
Regal expenses relating to litigation	-	3,601	- 3,601
Other expenses	6,883	4,586	2,297
Ordinary income	- 85,152	21,165	- 106,317
Extraordinary gain	5,864	61,044	- 55,180
Gain on sale of fixed assets	3,280	-	3,280
Gain on sale of securities	1,371	39,428	- 38,057
Gain on sale of Investments in affiliated companies	632	4,890	- 4,258
Gain on reversal of guarantee liability reserve	-	12,988	- 12,988
Gain on reversal of allowance for doubtful receivables	-	202	- 202
Other gains	579	3,534	- 2,955
Extraordinary loss	448,460	216,542	231,918
Loss on appraisal of investments in affiliated companies	207,198	212,668	- 5,470
Loss compensation based on stock transfer contract	85,774	-	85,774
Inventory appraisal loss	55,904	-	55,904
Provision for guarantees liability	29,361	-	29,361
Extraordinary measure expenses	25,247	-	25,247
Provision for losses on restructuring	18,155	-	18,155
Loss on sales of land	13,862	-	13,862
Loss on disposal of fixed assets	-	3,439	- 3,439
Loss on sale of fixed assets	-	147	- 147
Other losses	12,956	287	12,669
Income before income taxes	- 527,748	- 134,332	- 393,416
Income tax, current	- 1,522	- 2,923	1,401
Income tax, deferred (- indicates reduction)	-	81,687	- 81,687
Net income for term	- 526,225	- 213,097	- 313,128
Retained earnings brought forward from previous period	- 213,097	-	- 213,097
Unappropriated retained earnings at end of period	- 739,322	- 213,097	- 526,225

3. Proposed disposition of losses

Million yen

	FY2004 (At 6/23/2005)	FY2003 (At 6/29/2004)	Change
Accumulated loss at end of period	739,322	213,097	526,225
Accumulated loss to be carried forward to next period	739,322	213,097	- 739,322

4. Balance sheets (Assets)

Million yen

	At 3/31/2005	At 3/31/2004	Change
Assets			
Current assets			
Cash on hand and in banks	244,043	128,857	115,186
Notes receivable	594	918	- 324
Accounts receivable	127,596	153,248	- 25,652
Finished products	32,381	31,738	643
Raw materials	7,822	7,889	- 67
Work in process	84,660	118,598	- 33,938
Supplies	3,779	3,691	88
Advance payments	1,333	380	953
Prepaid expenses	5,005	6,410	- 1,405
Accounts receivable-other	40,640	54,870	- 14,230
Short-term loans receivable to affiliated companies	106,273	-	106,273
Suspense payments	24,316	21,366	2,950
Others	5,112	7,186	- 2,074
Allowance for doubtful accounts	- 38,333	- 31,881	- 6,452
<i>Current assets total</i>	645,226	503,275	141,951
Fixed assets			
Tangible fixed assets			
Buildings	46,023	49,146	- 3,123
Structures	10,538	11,601	- 1,063
Machinery and equipment	67,012	61,135	5,877
Transportation equipment	3,246	3,353	- 107
Tools, furnitures and fixtures	12,189	11,847	342
Land	65,790	117,017	- 51,227
construction in progress	9,673	7,771	1,902
<i>Tangible fixed assets total</i>	214,475	261,873	- 47,398
Intangible fixed assets			
Patents	2,968	2,490	478
Leaseholds	873	873	-
Trademarks	11	25	- 14
Design rights	122	145	- 23
Softwares	6,716	5,951	765
Others	4,999	2,306	2,693
<i>Intangible fixed assets total</i>	15,691	11,793	3,898
Investments and others			
Investment securities	43,763	68,221	- 24,458
Investments in affiliated companies	155,192	223,532	- 68,340
Money invested	9,214	3,608	5,606
Money invested in affiliated companies	3,371	3,768	- 397
Long-term loans receivable	207	129	78
Long-term loans receivable to affiliated companies	1,090	1,428	- 338
Bankruptcies, reorganizations, rehabilitations and others	3,349	6,793	- 3,444
Deferred charges	8,799	6,776	2,023
Guarantee deposit	22,593	27,662	- 5,069
Others	4,220	-	4,220
Allowance for doubtful accounts	- 3,761	- 3,753	- 8
<i>Investments and others total</i>	248,041	338,168	- 90,127
Fixed assets total	478,208	611,834	- 133,626
Total assets	1,123,435	1,115,110	8,325

5. Balance sheets (Liabilities & stockholders' equity)

Million yen

	At 3/31/2005	At 3/31/2004	Change
Liabilities			
Current liabilities			
Notes payable	13,139	10,555	2,584
Accounts payable	208,709	235,598	- 26,889
Short-term loans payable	45,240	113,035	- 67,795
Long-term loans payable (one year or less)	29,309	81,469	- 52,160
Commercial paper	-	105,100	- 105,100
Bonds (redeemable in a year or less)	-	25,900	- 25,900
Other accounts payable	71,420	57,555	13,865
Accrued expenses	7,894	6,493	1,401
Corporation taxes payable	971	126	845
Advances received	3,336	8,475	- 5,139
Deposits received	27,878	21,358	6,520
Deferred credits	79	36	43
Allowance for warranty claims	25,103	27,142	- 2,039
Employees' deposits	-	8,727	- 8,727
Notes payable for equipment	-	811	- 811
Others	12,629	2,306	10,323
<i>Current liabilities total</i>	445,712	704,692	- 258,980
Fixed liabilities			
Bonds	37,300	38,300	- 1,000
Long-term loans payable	134,507	146,961	- 12,454
Accrued retirement benefits	79,709	91,314	- 11,605
Accrued severance payments to directors	1,013	719	294
Guarantee liability reserve	48,916	20,058	28,858
Deferred tax liabilities	7,105	13,667	- 6,562
Long-term other accounts payable	33,233	-	33,233
Others	5,806	13,515	- 7,709
<i>Fixed liabilities total</i>	347,592	324,536	23,056
<i>Total liabilities</i>	793,305	1,029,228	- 235,923
Stockholders' equity			
Common stock	642,300	252,201	390,099
Capital surplus			
Capital surplus	418,148	28,048	390,100
<i>Capital surplus total</i>	418,148	28,048	390,100
Earned surplus			
Unappropriated retained earnings at end of half year period	- 739,322	- 213,097	- 526,225
<i>Earned surplus total</i>	- 739,322	- 213,097	- 526,225
Profit on securities	9,012	18,732	- 9,720
Treasury shares	- 8	- 3	- 5
<i>Total stockholders' equity</i>	330,130	85,882	244,248
<i>Total liabilities & stockholders' equity</i>	1,123,435	1,115,110	8,325

Notes on accounting policies

Premise of Going Concern

In the previous fiscal year, Mitsubishi Motors Corporation ("MMC") had posted a net loss of JPY213,097M. In the current fiscal year, MMC has also posted a net loss of 526,225 million yen.

As a result of these recurring losses, significant doubt arises as to the company's ability to continue as a going concern.

To address this situation as well as strengthen our operating base, MMC formulated the "Business Revitalization Plan"(from FY2004 to FY2006) in May 2004.

In June 2004, MMC outlined additional measures to its Business Revitalization Plan announced on May 21, 2004 that focuses on three areas: all-out cost cutting, restoring customer trust, and across-the-board compliance. The new measures are in response to a potential marked slump in domestic sales that has surfaced following the recall problems at MMC and Mitsubishi Fuso Track & Bus Corporation.

After announcing its Business Revitalization Plan in May 2004, MMC has devoted itself to implement the measures set out in the plan, designed to regain customer and public trust and improve profitability. Since the announcement of the plan, MMC has conducted extensive investigations into past recall problems. The findings of these investigations have allowed MMC to complete filings of post-market measures with the Ministry of Land, Infrastructure and Transport in September 2004, as well as to make substantial progress in its efforts to reform corporate culture.

Despite these achievements, MMC's inability to respond adequately to past recall problems has delayed the hoped-for restoration of consumer and public trust and has seriously impacted sales. This, in turn, has highlighted the problem of over-capacity that has lurked beneath the surface over recent years. In addition, the concerns have deepened about delays in the recovery of operations and about the financial health of MMC. As a result of being forced to use funds allocated for the revitalization program in the repayment of interest-bearing debt, MMC now finds itself short of funds.

To break out of this situation and successfully revitalize itself, MMC, while continuing its efforts to regain customer and public trust, finds itself in a situation that requires additional measures to improve profitability. Given these circumstances, MMC has put together the new Mitsubishi Motors Revitalization Plan in January 2005.

1. Corporate culture reform initiatives

Recovering customer and public trust and reforming corporate culture are absolute priority in MMC's bid to revitalize itself. The CSR Promotion Office has played a lead role in the implementation of a wide range of measures designed to enhance compliance. The Business Ethics Committee, made up of specialists and leaders in their fields from outside the company, has also given valuable advice and guidance from an external perspective in this regard. An internal seminar program has enabled each employee to acquire a deeper understanding of business ethics principles. Employees have now submitted written pledges to fully observe and practice compliance.

MMC will also be implementing a number of initiatives and measures designed to reform the corporate culture. These include "Problem solving through cross-functional activities", "Training and promoting talented personnel to important positions", "Personnel evaluation reflecting a 'Customer First' practice", and "Promotion of personnel exchanges with sales companies and department rotations".

The current investigation by a panel of external lawyers into past recall problems had been completed by the end of the fiscal year of 2004. MMC had determined disciplinary action and measures to prevent any recurrence on the basis of the panel's findings.

2. Key points in the Mitsubishi Motors Revitalization Plan

· Putting customers first / Recovering trust

The new plan puts customers first in all areas, from marketing through after-sales services.

The new plan provides measures for achieving no-compromise improvements in product quality.

- Business strategy
 - Sales plans reflect downside risks;
 - Promotion of operational tie-ups with other auto makers;
 - Rationalization of production capacity and size of sales networks (U.S., Australia, Japan).
- Reinforcement of capital and funding
 - Strengthening of financial standing and securing capital for revitalization.
- Boosting management's effectiveness
 - Lead from the top with a new management team;
 - Set up a thorough follow-up system.

3. Commitments

- Return to profitability in fiscal 2006 (net income of 8 billion yen)
- Establish sustainable profitability in fiscal 2007 (net income of 41 billion yen)

4. Business strategy

(1) Sales volume plans

Sales plans in the Mitsubishi Motors Revitalization Plan have been drawn up for each region based on current market trends to set realistic and achievable targets and eliminate all foreseeable downward risks. As a result, fiscal year volume targets in the new plan are lower than those in the Business Revitalization Plan but are set to recover to the fiscal 2003 level of 1,500,000 vehicles in fiscal 2007.

(2) Product strategy

a. Motorsport

MMC places motorsport at the very heart of its car design and development activities. The technology and know-how built up through taking part in grueling and competitive events such as the Dakar rally and the World Rally Championship is being fed back and injected into production cars as the "Sporty DNA" and "SUV DNA" that defines the MMC brand. That same technology and know-how enables MMC to increase safety and durability as well as on and off-road driving performance, thereby raising product value in a lineup that fully embodies these qualities.

b. Improving efficiencies in model mix

The new plan incorporates measures under which MMC will trim back the number of low-volume models produced for individual markets and concentrate managerial resources on highly competitive global market models. This will raise development and production efficiencies.

c. New model launches

The new plan calls for a major increase in the number of new model launches compared with the last four years. MMC will expand earning opportunities by aggressively introducing new models in all regions.

(3) Business tie-up strategy

To further promote a policy of selection and concentration, MMC will actively pursue strategic tie-up opportunities with other automakers. One example is the announcement made in January 2005 relating to the expansion of the supply of minicars on an OEM basis to Nissan Motor (36,000 units annually). In February 2005 MMC and Peugeot-Citroen Group ("PSA") reached to the agreement where MMC supply passenger cars to PSA on an OEM basis. (MMC is expected to sign the final contract in the 1st half of fiscal 2005.)

MMC is looking at other tie-ups such as an expanded range of models supplying on an OEM basis, components supply partnering, joint distribution arrangements and joint procurement.

(4) Regional strategy

a. Japan

Driving towards a group structure that returns stable profits, MMC and its sales companies will continue to work hand in hand to regain the trust of customers with additional measures that follow on from the free inspection campaign covering 3.4 million owners. MMC will also restructure its sales network and will drive to maximize after-sales services.

b. North America

North America remains a vital core market for MMC. To put its operations in that market on a profitable basis, MMC will rebuild its brand through the introduction of a new management structure, with new model launches and by cutting back on its dependence on fleet sales. It is also going to raise capacity utilization by expanding exports of locally built cars. Further it had adopted an asset impairment accounting principles to measure the excess plant capacity in fiscal 2004.

MMC is currently addressing the U.S. captive financing unit that sparked the problems in MMC's North American operations. It is currently reducing its exposure to loan default risks by selling off a portion of its financing asset holding to Merrill Lynch. MMC also plans to establish a new joint venture company with Merrill Lynch for the purpose of creating competitive and attractive consumer financing programs.

c. Europe

To move its European operations forward from the stage of achieving profitability to the growth stage, MMC will work to promote sales around a stronger model lineup and will push forward its efforts to strengthen its management and sales structures.

d. China

Positioning China as a core market, MMC is aggressively exploiting the Mitsubishi brand, which is currently strong and healthy in China, and expanding its operating base. In addition to expanding the range of Mitsubishi brand models available by boosting capital tie-ups with local companies, MMC is also pushing forward with efforts to establish and to expand its sales network. MMC is looking at using its engine joint ventures in the country to make China a major engine production hub in Asia, and is going to establish R&D facilities in the country to meet local market needs in its products on a timely basis.

e. Other markets

MMC is taking steps to strengthen its operational footing in ASEAN markets. These include strengthening sales in Thailand, establishing sales structures in Malaysia and reorganizing its operations in Indonesia. MMC is also strengthening its production base by boosting capacity in Thailand, which serves as an export hub to global markets.

As for Australia, MMC is on track to close its engine plant and downsize its assembly plant. MMC has also adopted an asset impairment accounting principles in order to address surplus plant capacity.

(5) Cost reduction

a. Manpower

As the result of changes to the organization, increased work process efficiencies, rationalization of work processes and natural attrition in personnel, MMC's headcount trimming program is on track and is forecast to achieve the original targets. MMC is also moving forward with further improvements in work process efficiencies.

b. Material costs

In view of the deterioration in the procurement market brought about by falling sales volumes and sharp rises in raw material costs, the new plan aims to reduce material costs by 90 billion yen on a cumulative basis by fiscal 2006 over fiscal 2003 levels. While this is a downward revision of the original target in the Business Revitalization Plan, this figure maintains the 15% reduction called for in the Business Revitalization Plan.

5. Corporate ideals and direction

Through a process of exhaustive analysis and discussion between cross-functional teams composed mainly of younger employees and the departments concerned, the Corporate Revitalization Committee has looked in depth at a number of issues that MMC faces. This has allowed MMC to formulate a new course of action; one that clarifies to its stakeholders the ideals that underpin MMC's management as it drives forward in fulfilling its responsibilities as a corporate citizen. These ideals are crystallized in the new corporate maxim: "Mitsubishi Motors is dedicated to responsibly providing customers and society with driving pleasure and assured security."

6. Profit and loss targets

To reflect all the measures described above, the numerical targets set out in the Business Revitalization Plan and covering the period up to fiscal 2006-consolidated net sales, operating profit, ordinary profit, net income for the term-are downwardly revised in the Mitsubishi Motors Revitalization Plan. The new plan forecasts notes that although it will be difficult for MMC to return to profitability before the end of fiscal 2005, it will do so in fiscal 2006 and in fiscal 2007 will achieve a record net income for the term of 41 billion yen.

7. Support systems: Capital and funding reinforcements

(1) Capital reinforcement

With the full-support of three Mitsubishi group companies, during the fiscal year of 2004 MMC made a capital enhancement of 284.2 billion yen through the issue of new common and preferred shares [Mitsubishi Heavy Industries ("MHI"), 50 billion yen; Mitsubishi Corporation, 70 billion yen; The Bank of Tokyo-Mitsubishi, 154 billion yen (of which 54 billion yen in a debt-for-equity swap); The Mitsubishi Trust and Banking Corporation, 10.2 billion yen (all yen in a debt-for-equity swap)].

As stated above, in the fiscal year of 2004 MMC has adopted asset impairment accounting principles. While this will lead to an impairment of capital, the capital enhancement will enable possible the restoration of shareholders' equity to an appropriate level and assist MMC in establishing a healthy financial status. The capital increase brought the combined holding of Mitsubishi Heavy Industries, Mitsubishi Corporation, The Bank of Tokyo-Mitsubishi and The Mitsubishi Trust and Banking Corporation in MMC to 34% as of March 10, 2005. Because this will also bring MHI's holding up to 15%, MMC expects to become an equity method affiliate of MHI in fiscal 2005.

(2) Borrowing

MMC is planning to raise a total of 270 billion yen in funding, mostly through new borrowing of 240 billion yen. (30 billion yen had been already done in the fiscal 2004.) The remaining 30 billion yen will be raised either from the purchase of MMC business assets or through a further capital increase by Mitsubishi Corporation.

(3) Capital expenditure for Revitalization

The capital enhancement and funding measures will give MMC access to 490 billion yen (excluding a 64.2 billion yen debt-for-equity swap). MMC will allocate this funding with maximum effect to R&D and capital investment which will provide the platform vital to the successful achievement of the targets and goals set out in the Mitsubishi Motors Revitalization Plan.

MMC had been to set up a new Business Revitalization Monitoring Committee, an external body that will monitor the progress made in the implementation of the Mitsubishi Motors Revitalization Plan.

For the last year, MMC had been shaken by a number of problems, however it has made a system that is able to change the profits structure more strongly and is sure to achieve its profit target. Now there is hope for funds. MMC will start the new Mitsubishi Motors Revitalization Plan based on these measures. MMC will devote itself to implementing the new measures from a different base from which the Revitalization Plan in May 2004 was formulated.

MMC intends to materialize the new Mitsubishi Motors Revitalization Plan at any cost with the full-support of three Mitsubishi group companies.

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.

Significant accounting policies

- (1) Marketable securities: basis and method of valuation
 - Shares in subsidiaries and affiliates
 - At cost using the moving-average method.
 - Other marketable securities
 - With market value
 - At market, based on market value at year end.
(Net unrealized gain/loss booked directly to Shareholders' equity. Selling cost is computed by the moving-average method.)
 - Without market value
 - At cost using moving-average method.
- (2) Derivative instruments
 - Valued at market (excluding swaps meeting the special provisions of the accounting standard.).
- (3) Inventories: basis and method of valuation
 - Finished products
 - First-in first-out basis.
 - Raw materials
 - At cost using the overall average method.
 - Work in process
 - First-in first-out basis.
 - Supplies
 - Last invoice method.
- (4) Depreciation of fixed assets
 - Tangible fixed assets
 - Declining balance method. Buildings (excluding related fixtures and facilities) acquired after 1 April 1998 are computed using the straight-line method.
 - Intangible fixed assets
 - Straight line method. Software is depreciated using the straight line method over an estimated useful life of 5 years.
 - Small fixed assets
 - Assets with an acquisition cost of over JPY 100,000 but less than JPY 200,000 are amortized using the straight-line method over a 3-year period .
 - Deferred charges
 - Straight line method within a period.
- (5) Allowances: accounting policy
 - Doubtful accounts
 - Providing against possible losses arising from accounts and loans receivable, an allowance for doubtful account is included in the Balance Sheet calculated on the basis of historical data for general claims, and on the basis of individual estimates of specific claims thought to be uncollectible.
 - Warranty claims
 - Providing against future after-sales service costs and expenses, an allowance for warranty claims is included in the Balance sheet calculated on the basis of past experience in line with warranty terms.

Accrued retirement benefits

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at March 31 2005.

The full amount of the transition difference arising from the adoption of the new accounting standard for retirement benefits was charged to expenses in the first year the new accounting standard was adopted. Prior service cost is being amortized by the straight-line method over a 9-year period that is within the estimated average remaining service years of the employees.

Actuarial gain and loss that arise are amortized the following fiscal year using the straight-line method over a 10-year period that is within the estimated average remaining service years of the employees.

Accrued severance payments to directors

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

Guarantee liabilities

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

(6) Foreign currency transactions

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

(7) Lease transactions

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

(8) Hedge accounting

Hedge accounting basis

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

Means of hedging and coverage

<u>Means for hedging</u>	<u>Coverage</u>
Forward exchange contracts.....	Foreign currency accounts receivable by merchandise export. (Scheduled transactions)
Interest swaps.....	Interest on loans from banks.

Hedging policy

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

Estimation method of hedging effectiveness

Forward-exchange contract is necessary to fix the cash flow.

Hedging effectiveness is estimated through the comparison of change cash flows from the hedging instrument and the hedge item during the period.

Effectiveness of interest rate swap using the special provisions is monitored in the same way as deccribed above.

(9) Other significant accounting policies

Consumption tax

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

Consolidated tax system

Consolidated tax system is applied.

Deferred assets

The full amount of stock issue costs are charged to expenses at the time of payments.

Notes to financial statements

Balance Sheet

At 3/31/2005		At 3/31/2004	
	(Million)		(Million)
1. Accumulated depreciation of tangible fixed assets	632,770	1. Accumulated depreciation of tangible fixed assets	661,296
2. Asset pledged as collateral		2. Asset pledged as collateral	
Plants, subject to floating charges	96,648	Plants, subject to floating charges	55,395
Buildings	5,698	Buildings	-
Structures	5,164	Structures	-
Machinery and equipment	13	Machinery and equipment	-
Land	26,671	Land	-
Other receivables	644	Other receivables	702
Total	132,849	Total	56,097
Collateral securing obligations		Collateral securing obligations	
Guarantee liabilities	5,031	Guarantee liabilities	16,594
Long-term loans payable	119,750	Long-term loans payable	-
Short-term loans payable	21,997	Short-term loans payable	-
3. Suspended fixed assets		3. Suspended fixed assets	
Land	1,415	Land	20,498
Buildings, structures and others	-	Buildings, structures and others	1,190
4. After offsetting receivable and payable consumption tax, the balance amount is recorded in accounts 'receivable-other as accrued consumption tax.		4. After offsetting receivable and payable consumption tax, the balance amount is recorded in accounts 'receivable-other as accrued consumption tax.	
5. Authorized number of shares		5. Authorized number of shares	
Common stock	9,958,285,000 shares	Common stock	3,220,000,000 shares
Preferred stock	3,425,600 shares	Preferred stock	- shares
Issued number of shares		Issued number of shares	
Common stock	4,253,995,212 shares	Common stock	1,483,438,934 shares
Preferred stock	526,193 shares	Preferred stock	- shares
6. Number of treasury shares	Common stock 54,250 shares	6. Number of treasury shares	Common stock 11,718 shares
7. Capital deficit	739,331	7. Capital deficit	213,100
8. Assets and liabilities of affiliated companies		8. Assets and liabilities of affiliated companies	
Notes receivable and Accounts receivable	69,580	Notes receivable and Accounts receivable	92,987
Notes payable and Accounts payable	34,706	Notes payable and Accounts payable	30,658
Long-term loans payable (one year or less)	-	Long-term loans payable (one year or less)	34,926
Other accounts payable	9,798	Other accounts payable	12,120
Deposits received	20,437	Deposits received	15,881
9. Outstanding balance of securitized accounts receivables	7,913	9. Outstanding balance of securitized accounts receivables	30,091
10. Contingent liabilities for loan guarantees		10. Contingent liabilities for loan guarantees	
Guarantee liabilities	157,699	Guarantee liabilities	415,135
Guarantee liability equivalents	3,449	Guarantee liability equivalents	37,302
11. Dividend restriction		11. Dividend restriction	
Net assets after addition of market valuation gains	8,640	Net assets after addition of market valuation gains	18,868
(In accordance with article 290-(1)-6 of the Commercial Code)		(In accordance with article 290-(1)-6 of the Commercial Code)	
		12. The amount of unused balances of revolving credit facility agreements	
		Total commitment line	105,900
		Balance of loan payable	-
		Unused commitment line	105,900

Statements of income

FY2004 full year		FY2003 full year	
		(Million)	
1. Depreciation charged		1. Depreciation charged	
Tangible fixed assets	27,668	Tangible fixed assets	20,498
Intangible fixed assets	2,744	Intangible fixed assets	2,375
Total	30,412	Total	22,873
2. Transactions with affiliated companies		2. Transactions with affiliated companies	
Sales	609,059	Sales	789,652
dividends earned	2,001	dividends earned	7,334
3. Main item of selling, general and administrative expenses		3. Main item of selling, general and administrative expenses	
Sales promotion and advertising expenses	63,237	Sales promotion and advertising expenses	75,293
Transportation and delivery costs	12,599	Transportation and delivery costs	14,760
Allowance for doubtful accounts	5,968	Allowance for doubtful accounts	-
Wages and benefits of directors and employees	18,005	Wages and benefits of directors and employees	17,544
Accrued retirement benefit	2,829	Accrued retirement benefit	2,663
Accrued severance payments to directors	308	Accrued severance payments to directors	249
Depreciation	6,314	Depreciation	4,785
R&D expenditure	43,149	R&D expenditure	38,947
Reward and commission	8,470	Reward and commission	9,894
Rental	18,002	Rental	16,592
Others	1,792	Others	2,168
Total	177,093	Total	182,899
_____		4. Item of loss on disposal of fixed assets	
		Buildings	1,460
		Machinery and equipment	1,537
		Tools, furnitures and fixtures	279
		Transportation equipment, etc.	162
		Total	3,439
_____		5. Item of loss on sale of fixed assets	
		Buildings and others	147
4. R&D expenditure included in selling, general and administrative expenses	43,149	6. R&D expenditure included in selling, general and administrative expenses	38,947
5. The breakdown of extraordinary measure expenses is the free inspection expenses of the automobiles manufactured by our company (MMC).		_____	
6. The provision for losses on restructuring was caused by the cancellation of the development of a new car model and the integration of production in the Nagoya area.		_____	

Lease transactions

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

Marketable securities

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

Tax effect accounting

1. Breakdown of deferred tax assets and deferred tax liabilities

	At 3/31/2005	At 3/31/2004
Deferred tax assets	(Million)	(Million)
Net operating loss carried forward	98,117	9,194
Guarantee liability reserve	19,020	-
Allowance for doubtful accounts	5,476	11,806
Accrued retirement benefit	29,262	32,161
Loss on appraisal of investments in affiliated companies	252,079	166,868
Warranty claims	19,468	15,279
Allowance for warranty claims	10,117	10,938
Unrealized profits on stocks	-	8,381
Others	33,380	6,781
Deferred tax assets subtotal	466,919	261,408
Valuation allowance	466,919	261,408
Deferred tax assets total	-	-
Deferred tax liabilities		
Unrealized profit marketable securities	6,083	12,645
Others	1,022	1,022
Deferred tax liabilities total	7,105	13,667
Net deferred tax assets and liabilities	7,105	13,667

2. Differences between effective tax rates and statutory tax rates

	At 3/31/2005	At 3/31/2004
Statutory tax rate	40.3 (%)	41.6 (%)
(Adjustments)		
Non-inclusion of losses (Entertainment cost, etc.)	-	1.2
Non-inclusion of gains (Dividends received, etc.)	0.2	1.7
Valuation allowance	38.9	98.8
Others	1.3	1.9
Corporate tax burden after application of tax effect accounting	0.3	58.6

Earnings per share

FY2004 full year		FY2003 full year	
	(yen)		(yen)
Book value per share	46.09	Book value per share	57.89
Net income per share - basic	215.41	Net income per share - basic	143.65
Net income per share - diluted	-	Net income per share - diluted	-

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

	FY2004 full year	FY2003 full year
Net income per share - basic		
Net income (million)	526,225	213,097
Net income not belong to common stock (million)	-	-
Net income of common stock (million)	526,225	213,097
Average number of shares issued and outstanding during term (1000)	2,442,865	1,483,430

6.Changes of the Board

1.To be newly elected of the Board

Heki Kasugai	[Senior Executive Officer, Vice President, In Charge of Revitalization Promotion, In Charge of Corporate Planning, Corporate Affairs & Quality Affairs Group Headquarters]
Makoto Maeda	[Senior Executive Officer, In Charge of Production Group Headquarters]
Norio Aoki	[Senior Executive Officer, In Charge of Global Procurement Group Headquarters, Corporate General Manager of Global Procurement Office]
Hiroshi Harunari	[Senior Executive Officer, In Charge of Overseas Operations Group Headquarters]
Tetsuro Aikawa	[Senior Executive Officer, In Charge of Product Development Group Headquarters]
Hidetoshi Yajima	[Chairman of the Board - Shimadzu Corporation]

*Mr. Yajima is a candidate for the "non-executive director" (Shagai-Torishimariyaku) stipulated in Article 188-2-7-2 of the Commercial Code.

2.Member of the Board scheduled to retire

Akira Kijima
Yasushi Ando

3.To be newly elected of Statutory Auditor

Norihide Ujita	[Executive Officer, Assistant to Vice President, In Charge of assigned themes about Revitalization Promotion]
Kenji Egawa	[Vice Corporate General Manager of Corporate Affairs Office and Vice Corporate General Manager of CSR Promotion Office]
Hiroshi Kan	[Managing Director, MITSUBISHI HEAVY INDUSTRIES, LTD.]

* Mr. Kan is a candidate for the "outside statutory auditor" (Shagai-Kansayaku) stipulated in Article 18-1 of the "Law for Special Measures under the Commercial Code with respect to Auditing, etc. of Corporations".

4.Statutory Auditor scheduled to retire

Mitsugu Nakabayashi
Hirao Iijima
Motoo Makita

5.Selection of expected nominees as Representative Director and Member of the Board with Title and ranking order of Members of the Board 5.and Statutory Auditors

Takashi Nishioka	Chairman of the Board and Member of the Board	[Representative Director]
Osamu Masuko	President and Member of the Board	[Representative Director]
Heki Kasugai	Executive Vice President and Member of the Board	[Representative Director]
Hiizu Ichikawa	Managing Director and Member of the Board	[Representative Director]
Fujio Cho	Managing Director and Member of the Board	
Makoto Maeda	Managing Director and Member of the Board	
Norio Aoki	Managing Director and Member of the Board	
Hiroshi Harunari	Managing Director and Member of the Board	
Tetsuro Aikawa	Managing Director and Member of the Board	
Rudiger Grube	Member of the Board	[Non-Executive Director]
Mikio Sasaki	Member of the Board	[Non-Executive Director]
Hidetoshi Yajima	Member of the Board	[Non-Executive Director]
Norihide Ujita	Statutory Auditor	(Full-time)
Kenji Egawa	Statutory Auditor	(Full-time)
Shigemitsu Miki	Statutory Auditor	[Outside Statutory Auditor]
Hiroshi Kan	Statutory Auditor	[Outside Statutory Auditor]

(ご参考)

May 23, 2005
Mitsubishi Motors Corp.
Public Relations and IR Dept.

【単独】2005年度 売上台数計画 総括表(国内販売・輸出出荷・海外生産用部品出荷計画)

[Non-consolidated] Volume Projection for Fiscal Year 2005 (Domestic Sales/Export/PPC¹)

(単位:千台)
(in '000 Units)

			2004年度(実績) FY 2004 Results			2005年度(計画) FY 2005 Projection					
			上期 1H	下期 2H	年度 Fiscal Year	上期(計画) 1st Half Results 増減/Var ²		下期(計画) 2nd Half Projection 増減/Var ²		年度(計画) Fiscal Year Projection 増減/Var ²	
車両 Vehicles	国内 Domestic	普通・小型乗用車 Passenger Cars	25	47	72	38	152%	62	132%	100	139%
		軽自動車 Minicars	65	90	155	61	94%	92	102%	153	99%
		計 Total	90	137	227	99	110%	154	112%	253	111%
	輸出 Export	北米 North America	30	38	68	33	110%	42	111%	75	110%
		欧州 Europe	62	49	111	60	97%	60	122%	120	108%
		大洋州 Oceania	20	21	41	19	95%	21	100%	40	98%
		アジア・アセアン Asia/ASEAN	35	20	55	18	51%	26	130%	44	80%
		中東・アフリカ Middle East/Africa	39	48	87	33	85%	41	85%	74	85%
		中南米 他 Latin America & Others	17	19	36	18	106%	16	84%	34	94%
	合計(1) Total (1)		203	195	398	181	89%	206	106%	387	97%
合計(1) Total (1)		293	332	625	280	96%	360	108%	640	102%	
海外生産用部品 PPC ¹	輸出 Export	北米 North America	51	37	88	46	90%	59	159%	105	119%
		オランダ Netherlands	16	2	18	-	-	-	-	-	-
		イタリア Italy	4	2	6	-	-	-	-	-	-
		オーストラリア Australia	10	6	16	8	80%	15	250%	23	144%
		タイ Thailand	60	66	126	55	92%	78	118%	133	106%
		インドネシア Indonesia	24	26	50	23	96%	22	85%	45	90%
		フィリピン Philippines	5	5	10	4	80%	3	60%	7	70%
		マレーシア Malaysia	88	71	159	59	67%	42	59%	101	64%
		中国 China	13	9	22	9	69%	19	211%	28	127%
		台湾 Taiwan	95	50	145	75	79%	92	184%	167	115%
		その他 Others	17	15	32	16	94%	20	133%	36	113%
合計(2) Total (2)		383	289	672	295	77%	350	121%	645	96%	
総合計(1)+(2) Grand Total (1)+(2)		676	621	1,297	575	85%	710	114%	1,285	99%	

(Note 1) PPC: Production Parts & Components

(Note 2) 増減は前年比 / Comparison with previous year