

(TRANSLATION OF ORIGINAL JAPANESE)

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/>)

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1. Basis for preparation of quarterly consolidated financial statements

- 1) Adoption of simplified accounting policies : Applicable
Partial adoption of simplified accounting 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 : Applicable
- | | | | | | |
|---------------|---------|----|--------------------------|---------|---|
| Consolidation | Include | 1 | Equity Method Affiliates | Include | 3 |
| | Exclude | 14 | | Exclude | 3 |

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

(1) Consolidated financial results

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

	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 per Share-Basic		Net Income per Share-Diluted	
	Yen		Yen	
FY2005 3Q	-15.44		-	
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 year.

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 resulted 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, results 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 warranty 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-reoccurrence of losses related to the sale of sales-finance receivables in the US financial services unit, which occurred 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-reoccurrence 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 impairment 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' Equity	Ratio of Shareholders' Equity	Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
FY2005 3Q	1,557,316	261,110	16.8	-29.79
FY2004 3Q	1,612,123	289,795	18.0	-32.72
(Ref.)FY2004	1,589,286	324,782	20.4	-47.34

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 inventories 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.

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

	At 12/31/2005	At 3/31/2005	Change	Reference 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	-82,877	-88,262	5,385	-86,843
Treasury stock	-12	-8	-4	-5
Total shareholders' equity	(261,110)	(324,782)	(-63,672)	(289,795)
Total liabilities, minority interest, & shareholders' equity	(1,557,316)	(1,589,286)	(-31,970)	(1,612,123)

(2) Consolidated statements of income / loss

in millions of Yen

	FY2005 1-3Q	FY2004 1-3Q	Change	% Change	FY2004
	4/1/'05-12/31/'05	4/1/'04-12/31/'04			4/1/'04-3/31/'05
Sales	1,529,608	1,617,887	-88,279	-5.5	2,122,626
Cost of sales	1,243,242	1,393,613	-150,371	-10.8	1,808,110
Gross profit before provision for unrealized profit on installment sales	286,365	224,273	62,092	27.7	314,516
Provision for unrealized profit on installment sales	-	14	-14		16
Gross profit	286,365	224,287	62,078		314,532
Selling, general and administrative expenses	304,539	323,977	-19,438		443,076
Operating income / loss	-18,174	-99,689	81,515	-	-128,544
Non-operating income	11,841	9,997	1,844		12,106
(Interest and dividend income)	(4,384)	(5,684)	(-1,300)		(7,920)
(Other income)	(7,457)	(4,312)	(3,145)		(4,186)
Non-operating expenses	27,435	54,434	-26,999		62,735
(Interest expense)	(14,990)	(18,392)	(-3,402)		(25,601)
(Other expenses)	(12,445)	(36,041)	(-23,596)		(37,133)
Ordinary income / loss	-33,769	-144,126	110,357	-	-179,172
Extraordinary gains	4,097	5,784	-1,687		8,111
Extraordinary losses	31,921	84,491	-52,570		289,845
Net income / loss before income taxes	-61,593	-222,833	161,240	-	-460,906
Income taxes	5,708	5,124	584		19,761
Minority interest	-821	-269	-552		5,882
Net income / loss	-68,123	-228,227	160,104	-	-474,785

(3) Consolidated statements of capital surplus and retained earnings

in millions of Yen

	FY2005 1-3Q	FY2004 1-3Q	Change	Reference
	4/1/'05-12/31/'05	4/1/'04-12/31/'04		4/1/'04-3/31/'05
Capital surplus				
Capital surplus at beginning of term	417,612	27,513	390,099	27,513
Increase in capital surplus	25	248,000	-247,975	390,099
(Issuance of common & preferred stock)	(25)	(248,000)	(-247,975)	(390,099)
Capital surplus at end of term	417,638	275,513	142,125	417,612
Retained earnings				
Retained earnings at beginning of term	-656,068	-183,410	-472,658	-183,410
Increase in retained earnings	-	2,127	-2,127	2,127
(New equity method affiliates)	(-)	(2,127)	(-2,127)	(2,127)
Decrease in retained earnings	69,081	228,227	-159,146	474,785
(Net loss for term)	(68,123)	(228,227)	(-160,104)	(474,785)
(Change in accounting standard in an Australian subsidiary)	(958)	(-)	(958)	(-)
Retained earnings at end of term	-725,150	-409,510	-315,640	-656,068

(Segment information)

(1) Business segment

in millions of Yen

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

in millions of Yen

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]

in millions of yen

FY2004	Automotive	Financial services	Total	Eliminations for 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) Financial services Sales-finance products

(2) Geographical segment

in millions of Yen

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

in millions of Yen

FY2004 3Q	Japan	North America	Europe	Asia	Other	Total	Eliminations for Consolidation	Consolidated
Sales & operating income								
Sales								
(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]

in millions of Yen

FY2004	Japan	North America	Europe	Asia	Other	Total	Eliminations for Consolidation	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

in millions of Yen

FY2005 3Q	North America	Europe	Asia	Other	Total
. Overseas sales	321,012	419,865	180,647	274,153	1,195,680
. Consolidated sales					1,529,608
. Overseas sales as a percentage of total sales	21.0%	27.5%	11.8%	17.9%	78.2%

in millions of Yen

FY2004 3Q	North America	Europe	Asia	Other	Total
. Overseas sales	351,778	521,032	204,733	256,299	1,333,844
. Consolidated sales					1,617,887
. Overseas sales as a percentage of total sales	21.7%	32.2%	12.7%	15.8%	82.4%

[Reference]

in millions of Yen

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

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

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

(1) North America..... United States, Puerto Rico

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

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

(4) Other..... 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 (4/1/05 - 12/31/05)	FY2004 1-3Q (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)

in millions of Yen

	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