

FY2003 Full Year Results: Non-consolidated Statements

21 May 2004

(1 April 2003 through 31 March 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, President & CEO

Contact: Yoshikazu Nakamura; Head of IR Office

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Meeting of Board of Directors for FY2003 financial results: 21 May 2004

Provision for half year dividend: Provision exists

Ordinary general shareholders meeting: 29 June 2004

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

1. Highlights (1 April 2003 through 31 March 2004)

(1) Non-consolidated results

| | Sales | | Operating profit | | Ordinary income | |
|--------|-------------|--------|------------------|--------|-----------------|--------|
| | Million yen | % | Million yen | % | Million yen | % |
| FY2003 | 1,421,047 | - 24.3 | 29,689 | - 40.8 | 21,165 | - 55.7 |
| FY2002 | 1,877,276 | 1.5 | 50,123 | 200.1 | 47,756 | 910.6 |

| | 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 in-come to sales |
|--------|-------------|---|-----------------------------|--------------------------------|--------------------------------|--|------------------------------------|
| | Million yen | % | Yen | Yen | % | % | % |
| FY2003 | - 213,097 | - | - 143.65 | - | - 107.0 | 1.7 | 1.5 |
| FY2002 | - 2,649 | - | - 1.80 | - | - 0.8 | 3.2 | 2.5 |

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

FY2003 full year 1,483,429,792 FY2002 full year 1,473,719,843

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 | | | | |
| | Yen | Yen | Yen | | | |
| FY2003 | 0.00 | 0.00 | 0.00 | 0 | - | - |
| FY2002 | 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 |
| FY2003 | 1,115,110 | 85,882 | 7.7 | 57.89 |
| FY2002 | 1,344,817 | 312,346 | 23.2 | 210.56 |

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

FY2003 full year 1,483,427,216 FY2002 full year 1,483,434,189

Treasury stock at term end:

FY2003 full year 11,718 FY2002 full year 4,745

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

| | Sales | Ordinary income | Net income | Dividend per share | |
|-----------|-------------|-----------------|-------------|--------------------|----------|
| | | | | Interim | Year-end |
| | Million yen | Million yen | Million yen | Yen | Yen |
| Half year | 610,000 | - 50,000 | - 70,000 | 0.00 | - |
| Full year | 1,270,000 | - 90,000 | - 150,000 | - | 0.00 |

Note: Forecast net income per share for full year: ¥-101.12

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 2003 - 31 March 2004 | | | 1 April 2002 - 31 March 2003 | | | Change in total |
|---------------------------------------|------------------------------|---------|---------|------------------------------|---------|---------|-----------------|
| | Domestic | Export | Total | Domestic | Export | Total | |
| Passenger cars (regular & small-size) | 128,060 | 408,176 | 536,236 | 122,938 | 458,229 | 581,167 | - 44,931 |
| Mini vehicles | 230,785 | - | 230,785 | 219,369 | - | 219,369 | 11,416 |
| Trucks | - | - | - | 42,539 | 25,678 | 68,217 | - 68,217 |
| Buses | - | - | - | 2,597 | 2,841 | 5,438 | - 5,438 |
| Total | 358,845 | 408,176 | 767,021 | 387,443 | 486,748 | 874,191 | - 107,170 |

(1) Sales amount

Million yen

| | 1 April 2003 - 31 March 2004 | | | 1 April 2002 - 31 March 2003 | | | Change in total |
|-------------------------------|------------------------------|---------|-----------|------------------------------|-----------|-----------|-----------------|
| | Domestic | Export | Total | Domestic | Export | Total | |
| Vehicle sales | 387,792 | 583,220 | 971,012 | 545,747 | 783,310 | 1,329,057 | - 358,045 |
| Parts for overseas production | - | 200,036 | 200,036 | - | 272,635 | 272,635 | - 72,599 |
| Parts, accessories & others | 91,043 | 158,956 | 249,999 | 123,558 | 152,026 | 275,584 | - 25,585 |
| Total | 478,835 | 942,212 | 1,421,047 | 669,305 | 1,207,971 | 1,877,276 | - 456,229 |

2. Profit and loss statements

Million yen

| | FY2003 | FY2002 | Change |
|---|-----------|-----------|-----------|
| Sales | 1,421,047 | 1,877,276 | - 456,229 |
| Cost of sales | 1,208,459 | 1,586,724 | - 378,265 |
| Gross profit | 212,588 | 290,551 | - 77,963 |
| Selling, general and administrative expenses | 182,899 | 240,427 | - 57,528 |
| Operating profit | 29,689 | 50,123 | - 20,434 |
| Non-operating income | 14,061 | 15,254 | - 1,193 |
| Interest income | 1,337 | 5,044 | - 3,707 |
| Dividends | 12,545 | 9,552 | 2,993 |
| Other income | 178 | 657 | - 479 |
| Non-operating expenses | 22,584 | 17,620 | 4,964 |
| Interest expenses | 8,193 | 5,805 | 2,388 |
| Interest on corporation bonds | 2,289 | 3,107 | - 818 |
| Loss on foreign exchange | 3,914 | - | 3,914 |
| Regal expenses relating to litigation | 3,601 | 3,208 | 393 |
| Other expenses | 4,586 | 5,499 | - 913 |
| Ordinary income | 21,165 | 47,756 | - 26,591 |
| Extraordinary gain | 61,044 | 29,666 | 31,378 |
| Gain on reversal of allowance for doubtful receivables | 202 | - | 202 |
| Gain on sale of fixed assets | - | 1,425 | - 1,425 |
| Gain on sale of securities | 39,428 | 15,065 | 24,363 |
| Gain on sale of Investments in affiliated companies | 4,890 | 9,200 | - 4,310 |
| Gain on reversal of guarantee liability reserve | 12,988 | - | 12,988 |
| Gain from stock exchange of investment securities | - | 1,399 | - 1,399 |
| Gain on reversal of provision for losses on restructuring | - | 2,575 | - 2,575 |
| Other gains | 3,534 | - | 3,534 |
| Extraordinary loss | 216,542 | 55,328 | 161,214 |
| Loss on disposal of fixed assets | 3,439 | 4,133 | - 694 |
| Loss on sale of fixed assets | 147 | 435 | - 288 |
| Loss on appraisal of securities | - | 10,059 | - 10,059 |
| Loss on appraisal of investments in affiliated companies | 212,668 | 33,159 | 179,509 |
| Extraordinary measure expenses | - | 5,099 | - 5,099 |
| Other losses | 287 | 2,440 | - 2,153 |
| Income before income taxes | - 134,332 | 22,094 | - 156,426 |
| Income tax, current | - 2,923 | 264 | - 3,187 |
| Income tax, deferred (- indicates reduction) | 81,687 | 24,478 | 57,209 |
| Net income for term | - 213,097 | - 2,649 | - 210,448 |
| Retained earnings brought forward from previous period | - | - 401,591 | 401,591 |
| Unappropriated retained earnings at end of period | - 213,097 | - 404,240 | 191,143 |

3. Proposed disposition of losses

Million yen

| | FY2003 | FY2002 | Change |
|---|---------|---------|-----------|
| Accumulated loss at end of period | 213,097 | 404,240 | - 191,143 |
| Disposition proposed as follows; | | | |
| 1. Reversal of general reserve | | | |
| (1) Reversal of special reserve | - | 178,000 | - 178,000 |
| (2) Reversal of special depreciation reserve | - | 60 | - 60 |
| (3) Reversal of overseas investment loss reserve | - | 1,822 | - 1,822 |
| (4) Reversal of reserves for deferred gains on fixed assets | - | 18,147 | - 18,147 |
| 2. Reversal of legal reserve | - | 9,029 | - 9,029 |
| 3. Reversal of capital surplus | - | 197,179 | - 197,179 |
| Accumulated loss to be carried forward to next period | 213,097 | - | 213,097 |

4. Balance sheets (Assets)

Million yen

| | At 3/31/2004 | At 3/31/2003 | Change |
|---|------------------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash on hand and in bank | 128,857 | 27,127 | 101,730 |
| Notes receivable | 918 | 874 | 44 |
| Accounts receivable | 153,248 | 185,359 | - 32,111 |
| Finished products | 31,738 | 32,412 | - 674 |
| Raw materials | 7,889 | 7,554 | 335 |
| Work in process | 118,598 | 53,596 | 65,002 |
| Supplies | 3,691 | 3,448 | 243 |
| Advance payments | 380 | 543 | - 163 |
| Prepaid expenses | 6,410 | 5,003 | 1,407 |
| Deferred tax assets | - | 37,431 | - 37,431 |
| Accounts receivable-other | 54,870 | 76,807 | - 21,937 |
| Short-term loans receivable to affiliated companies | - | 26,535 | - 26,535 |
| Suspense payments | 21,366 | - | 21,366 |
| Others | 7,186 | 76,037 | - 68,851 |
| Allowance for doubtful receivables | - 31,881 | - 33,666 | 1,785 |
| Current assets total | 503,275 | 499,065 | 4,210 |
| Fixed assets | | | |
| Tangible fixed assets | | | |
| Buildings | 49,146 | 48,971 | 175 |
| Structures | 11,601 | 12,041 | - 440 |
| Machinery and equipment | 61,135 | 66,621 | - 5,486 |
| Transportation equipment | 3,353 | 3,330 | 23 |
| Tools, furnitures and fixtures | 11,847 | 10,699 | 1,148 |
| Land | 117,017 | 116,618 | 399 |
| construction in progress | 7,771 | 4,467 | 3,304 |
| Tangible fixed assets total | 261,873 | 262,749 | - 876 |
| Intangible fixed assets | | | |
| Patents | 2,490 | 2,781 | - 291 |
| Leaseholds | 873 | 876 | - 3 |
| Trademarks | 25 | 27 | - 2 |
| Softwares | 5,951 | 6,209 | - 258 |
| Others | 2,452 | 722 | 1,730 |
| Intangible fixed assets total | 11,793 | 10,617 | 1,176 |
| Investments and others | | | |
| Investment securities | 68,221 | 102,752 | - 34,531 |
| Investments in affiliated companies | 223,532 | 401,662 | - 178,130 |
| Money invested | 3,608 | 3,388 | 220 |
| Money invested in affiliated companies | 3,768 | 3,759 | 9 |
| Long-term loans receivable | 129 | 269 | - 140 |
| Long-term loans receivable to affiliated companies | 1,428 | 2,251 | - 823 |
| Bankruptcies, reorganizations, rehabilitations and others | 6,793 | 3,977 | 2,816 |
| Deferred charges | 6,776 | 5,819 | 957 |
| Deferred tax assets | - | 21,477 | - 21,477 |
| Others | 27,662 | 29,185 | - 1,523 |
| Allowance for doubtful receivables | - 3,753 | - 2,159 | - 1,594 |
| Investments and others total | 338,168 | 572,385 | - 234,217 |
| Fixed assets total | 611,834 | 845,752 | - 233,918 |
| Total assets | 1,115,110 | 1,344,817 | - 229,707 |

5. Balance sheets (Liabilities & stockholders' equity)

Million yen

| | At 3/31/2004 | At 3/31/2003 | Change |
|---|--------------|--------------|-----------|
| Liabilities | | | |
| Current liabilities | | | |
| Notes payable | 10,555 | 18,360 | - 7,805 |
| Accounts payable | 235,598 | 249,637 | - 14,039 |
| Short-term loan payable | 113,035 | 119,685 | - 6,650 |
| Long-term loans payable (one year or less) | 81,469 | 16,676 | 64,793 |
| Commercial paper | 105,100 | 74,700 | 30,400 |
| Bonds (redeemable in a year or less) | 25,900 | 29,500 | - 3,600 |
| Convertible bonds (redeemable in a year or less) | - | 19,200 | - 19,200 |
| Other accounts payable | 57,555 | 71,755 | - 14,200 |
| Accrued expenses | 6,493 | 20,481 | - 13,988 |
| Corporation taxes payable | 126 | 471 | - 345 |
| Advances received | 8,475 | 22,495 | - 14,020 |
| Deposits received | 21,358 | 28,910 | - 7,552 |
| Deferred credits | 36 | - | 36 |
| Warranty claims allowance | 27,142 | 28,089 | - 947 |
| Employees' deposits | 8,727 | 9,707 | - 980 |
| Notes payable of equipment | 811 | 601 | 210 |
| Others | 2,306 | 9,153 | - 6,847 |
| <i>Current liabilities total</i> | 704,692 | 719,425 | - 14,733 |
| Fixed liabilities | | | |
| Bonds | 38,300 | 54,500 | - 16,200 |
| Long-term loans payable | 146,961 | 75,325 | 71,636 |
| Long-term loans payable from affiliated companies | - | 48,166 | - 48,166 |
| Retirement benefit reserve | 91,314 | 90,633 | 681 |
| Retirement benefit reserve for directors | 719 | 623 | 96 |
| Guarantee liability reserve | 20,058 | 33,538 | - 13,480 |
| Deferred tax liabilities | 13,667 | - | 13,667 |
| Guarantee deposits received | - | 10,258 | - 10,258 |
| Others | 13,515 | - | 13,515 |
| <i>Fixed liabilities total</i> | 324,536 | 313,045 | 11,491 |
| <i>Total liabilities</i> | 1,029,228 | 1,032,471 | - 3,243 |
| Stockholders' equity | | | |
| Common stock | 252,201 | 252,201 | - |
| Capital surplus | | | |
| Capital surplus | 28,048 | 225,227 | - 197,179 |
| <i>Capital surplus total</i> | 28,048 | 225,227 | - 197,179 |
| Earned surplus | | | |
| Legal reserve | - | 9,029 | - 9,029 |
| General reserve | | | |
| Special depreciation reserve | - | 60 | - 60 |
| Overseas investment loss reserve | - | 1,822 | - 1,822 |
| Reserves for deferred gains on fixed assets | - | 18,147 | - 18,147 |
| Special reserve | - | 178,000 | - 178,000 |
| Unappropriated retained earnings at end of half year period | - 213,097 | - 404,240 | 191,143 |
| <i>Earned surplus total</i> | - 213,097 | - 197,179 | - 15,918 |
| Profit on securities | 18,732 | 32,097 | - 13,365 |
| Treasury shares | - 3 | - 1 | - 2 |
| <i>Total stockholders' equity</i> | 85,882 | 312,346 | - 226,464 |
| <i>Total liabilities & stockholders' equity</i> | 1,115,110 | 1,344,817 | - 229,707 |

Notes on accounting policies

Premise of Going Concern

MMC has posted in the current fiscal year a large net income loss of JPY213,097M.

In this circumstance, a material doubt relating to the premise of going concern exists.

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

The plan entails business reorganizations in order to fulfill "restoration of credibility", and the introduction of the organization structure enabling "complete execution of reforms". We will achieve dramatic reform by enhancing corporate governance and organization, and completing transformation of profit structure in FY2004, and will go back to the growth path from FY2005.

In addition, in order to make sure that we realize the Business Revitalization Plan, we are scheduled to issue preferred stocks to Mitsubishi Heavy Industries, Ltd., Mitsubishi Corporation, The Bank of Tokyo-Mitsubishi, Ltd., The Mitsubishi Trust and Banking Corporation and other underwriters.

As a result, financial statements are prepared based on the premise of going concern, and do not reflect impacts of the above-mentioned material doubt.

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 on date of book-closing.

(Net unrealized gain/loss booked directly to Shareholders' equity. Selling cost is computed by the moving-average method.)

Without market value

At cost by the moving-average method

(2) Derivative instruments

Valued at market (excluding swap 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 based 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 standards

Doubtful accounts

Providing 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 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, a warranty claims allowance is included in the Balance sheet calculated on the basis of past experience in line with warranty terms.

Accrued severance indemnities

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 2004.

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.

Allowance for retirement benefits for 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, a guarantee liability allowance 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 basis

Hedge accounting basis

Booked 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 described above.

(9) Consumption tax

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

(10) Consolidated tax system

Consolidated tax system is applied.

Change of labeling method

From this annual period onward, these financial statements are based on the Annual Financial Statements prepared in accordance with the Securities and Exchange Law.

The annual financial results of the previous fiscal year have been adjusted accordingly.

The explanatory notes have been changed according to contents of the above-mentioned Annual Financial Statements.

Notes to financial statements

Balance Sheet

| | <u>FY2003</u> | <u>FY2002</u> |
|--|----------------------|----------------------|
| | (million) | (million) |
| (1) Accumulated depreciation of tangible fixed assets | 661,296 | 664,304 |
| (2) Asset pledged as collateral | | |
| Investment securities | - | 23,396 |
| Plants, subject to floating charge | 55,395 | 53,874 |
| Accounts receivable-other | 702 | - |
| Collateral securing obligation | | |
| Guarantee liabilities | 16,594 | 31,742 |
| (3) After offsetting receivable and payable consumption tax, the balance amount is recorded in accounts receivable-other as accrued consumption tax. | | |
| (4) Authorized number of shares (common stock) | 3,220,000,000 shares | 3,220,000,000 shares |
| Issued number of shares (common stock) | 1,483,438,934 shares | 1,483,438,934 shares |
| (5) Capital deficit | - 213,100 | - 206,210 |
| (6) Assets and liabilities of affiliated companies | | |
| Notes receivable and Accounts receivable | 87,391 | 125,879 |
| Notes payable and Accounts payable | 30,316 | 26,921 |
| Other accounts payable | 10,641 | 15,002 |
| Deposits received | 15,865 | 21,579 |
| (7) Outstanding balance of securitized accounts receivables | 30,091 | 43,780 |
| (8) Contingent liabilities for loan guarantees | | |
| Guarantee liabilities | 415,135 | 319,837 |
| Guarantee liability equivalents | 37,302 | 38,270 |

| | FY2003 | FY2002 |
|--|-----------|-----------|
| | (million) | (million) |
| (9) Dividend restriction | | |
| Net assets after addition of market valuation gains | 18,887 | 30,669 |
| (In accordance with article 290-(1)-6 of the Commercial Code) | | |
| (10) The amount of unused balances of revolving credit facility agreements | | |
| Total commitment line | 105,900 | 156,500 |
| Balance of loan payable | - | - |
| Unused commitment line | 105,900 | 156,500 |

Statements of income

| | FY2003 | FY2002 |
|--|-----------|-----------|
| | (million) | (million) |
| (1) Transactions with affiliated companies | | |
| Sales | 735,024 | 967,778 |
| Interest income | 729 | 4,452 |
| dividends earned | 5,937 | 5,282 |
| (2) Main item of selling, general and administrative expenses | | |
| Sales promotion and advertising expenses | 75,293 | 96,335 |
| Transportation and delivery costs | 14,760 | 23,209 |
| Allowance for doubtful receivables | - | 3,295 |
| Wages and benefits of directors and employees | 17,544 | 21,220 |
| Retirement benefit reserve | 2,663 | 2,970 |
| Retirement benefit reserve for directors | 249 | 306 |
| Depreciation | 4,785 | 4,965 |
| R&D expenditure | 38,947 | 53,992 |
| Reward and commission | 9,894 | 13,096 |
| Rental | 16,592 | - |
| Others | 2,168 | 21,035 |
| Total | 182,899 | 240,427 |
| (3) R&D expenditure included in selling, general and administrative expenses | 38,947 | 53,992 |
| (4) Item of gain on sale of fixed assets | | |
| Land | - | 1,425 |
| (5) Item of loss on disposal of fixed assets | | |
| Buildings | 1,460 | 530 |
| Machinery and equipment | 1,537 | 2,986 |
| Tools, furnitures and fixtures | 279 | 321 |
| Transportation equipment, etc. | 162 | 295 |
| Total | 3,439 | 4,133 |
| (6) Item of loss on sale of fixed assets | | |
| Buildings and others | 147 | 435 |

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

| | FY2003 | FY2002 |
|--|-----------|-----------|
| | (million) | (million) |
| 1. Breakdown of deferred tax assets and deferred tax liabilities | | |
| Diferred tax assets | | |
| Guarantee liability reserve | - | 15,733 |
| Allowance for doubtful receivables | 11,806 | 12,021 |
| Retirement benefit reserve | 32,161 | 30,537 |
| Loss on appraisal of investments in affiliated companies | 166,868 | 90,531 |
| Warranty claims | 15,279 | 18,539 |
| Warranty claims allowance | 10,938 | - |
| Net operating loss carried forward | 9,194 | - |
| Unrealized profits on stocks | 8,381 | 18,030 |
| Others | 6,781 | 24,147 |
| Diferred tax assets subtotal | 261,408 | 209,538 |
| Valuation allowance | -261,408 | -128,651 |
| Diferred tax assets total | - | 80,887 |
| Diferred tax liabilities | | |
| Unrealized profit marketable securities | -12,645 | -21,757 |
| Others | -1,022 | -222 |
| Diferred tax liabilities total | -13,667 | -21,979 |
| Net diferred tax assets and liabilities | -13,667 | 58,908 |
| 2. Differences between effective tax rates and statutory tax rates | | |
| | (%) | (%) |
| Statutory tax rate | 41.6 | 41.7 |
| (Adjustments) | | |
| Non-inclusion of losses (Entertainment cost, etc.) | -1.2 | 1.4 |
| Non-inclusion of gains (Dividends received, etc.) | 1.7 | -9.8 |
| Valuation allowance | -98.8 | 53.0 |
| Splitting off of Mitsubishi Fuso Truck & Bus Company | - | 24.2 |
| Change in tax rate | -1.0 | 6.4 |
| Splitting off of diamondmatic Co., Ltd. | - | -6.9 |
| Accrued taxes receivable from subsidiaries and others | 2.2 | - |
| Others | -3.1 | 2.0 |
| Corporate tax burden after application of tax effect accounting | -58.6 | 112.0 |

Earnings per share

| | <u>FY2003</u> | <u>FY2002</u> |
|--------------------------------|---------------|---------------|
| | (yen) | (yen) |
| Book value per share | 57.89 | 210.56 |
| Net income per share - basic | - 143.65 | - 1.80 |
| Net income per share - diluted | - | - |

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

| | | |
|--|-----------|-----------|
| Net income per share - basic | | |
| Net income (million) | - 213,097 | - 2,649 |
| Net income of common stock (million) | - 213,097 | - 2,649 |
| Average number of shares issued and outstanding during term (1000) | 1,483,430 | 1,473,720 |