

# FINANCIAL RESULTS OF NISSAN MOTOR CO.,LTD

<FOR THE 1ST HALF FY2005>

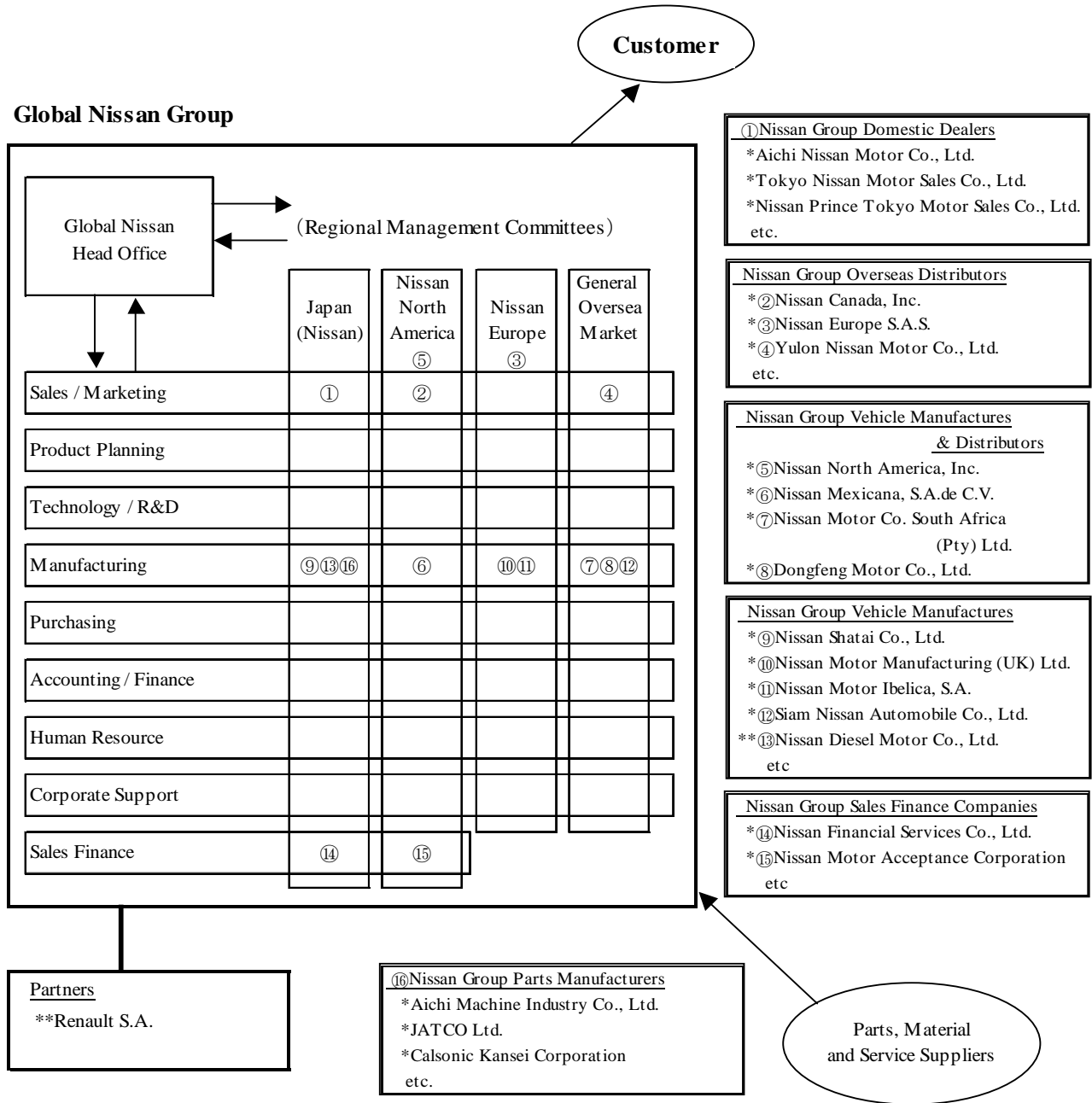
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# 1. Description of Nissan Group

The Nissan group consists of Nissan Motor Co., Ltd. (the "Company"), subsidiaries, affiliates, and other associated companies. Its main business includes sales and production of vehicles, forklifts, marine products and related parts. And also the Nissan group provides various services accompanying its main business, such as logistics and sales finance. The Company established Global Nissan (GNX) as a global headquarters function which is to focus on utilizing regional activities by 4 Regional Management Committees and cross regional functions like R&D, Purchasing, Manufacturing, etc., and Global Nissan Group is composed of this matrix.

The corporate group structure is as follows:



\* Consolidated Subsidiaries

\*\* Companies accounted for by equity method

- There are other associated companies; \*Nissan Trading Co., Ltd., \*Nissan Real Estate Development Co., Ltd.
- Our subsidiaries listed on domestic stock exchange markets are as follows:  
Nissan Shatai Co., Ltd.---Tokyo Aichi Machine Industry Co., Ltd.---Tokyo, Nagoya  
Calsonic Kansei Corporation---Tokyo

## **2. NISSAN 180 Completion**

At the end of September 2005, Nissan completed its revival by achieving the last and most challenging commitment of the Nissan 180 plan. Nissan increased sales by one million additional units compared to fiscal year 2001. Nissan has met and exceeded every public commitment since October 1999.

## **3. Fiscal Year 2005 First-half Business Performance**

For the first six months of fiscal year 2005, Nissan's sales in all regions totaled 1,834,000 units, an increase of 15% over 2004.

In the first half of the fiscal year, total industry volumes increased slightly in Japan, the United States, and Europe. For the General Overseas Markets, there was significant growth in total industry volumes. Rising incentive levels continued to be challenging in all markets, particularly in the United States, Europe and China.

Nissan launched two all-new models in the first half in Japan, the Serena minivan and Otti minicar. Four more models will be launched in the second half, three in Japan and one in Europe. Nissan's sales growth has also benefited from new products launched during the last year of NISSAN 180, such as the Teana in China and Infiniti M in the United States.

Reviewing volumes by region, in Japan, Nissan sold 421,000 units, up 14.5% from the same period last year, while total industry volume has increased by 3.5%. Nissan's market share stands at 15%, including minicars, 1.4% higher than last year.

New models such as Tiida and Serena are performing well in the market. Nissan's performance in the minicar segment has increased by 37%, primarily due to the introduction of the Otti.

In the United States, sales in the first half increased 16.7% to a record level of 571,000 units. Nissan's U.S. market share also increased to a record 6.1%, up 0.7% from the previous year.

Gains were made in both the Nissan and Infiniti channels. Nissan Division sales were up 17.8% in the first half, largely due to the Altima, Sentra, and recent new models such as the Pathfinder. Infiniti Division sales also continued to grow, rising 9.7% over fiscal year 2004's record level.

In Europe, Nissan sold 287,000 units from January to June, which represented a 0.8% increase from the same period in 2004. Nissan's 4x4s, particularly the Pathfinder and the newly introduced Murano, were significant and steady contributors to sales growth. In the second half of 2005, the launch of the Micra C+C will further extend the appeal of Nissan's small-car range in Europe. In addition, the introduction of the Navara pick-up will round out the 4x4 line-up.

Nissan's performance in General Overseas Markets, including Mexico and Canada, have been strong. In the first half, sales were up 22.4%, to 555,000 units. In China, Nissan unit sales increased from 2004 by 67% to 140,000 units. This was primarily due to the Teana and Tiida, which were introduced in the last 12 months. In the Middle East, sales increased 40% to 62,000 units. This increase was driven by the introduction of Infiniti. In Mexico, unit sales totaled 106,000 units, up 0.5% from the same period last year.

In the first half of fiscal year 2005, consolidated revenues reached 4,491 trillion yen, up 12.1% from the same period in fiscal year 2004. Changes in the scope of consolidation, such as the inclusion of Calsonic Kansei, impacted revenues positively by 53.7 billion yen.

Nissan's consolidated operating profits increased 2.0% to 411.5 billion yen from the first half of fiscal year 2004. The operating margin was 9.2%.

In comparison to last year's consolidated operating profit of 403.4 billion yen, the variance was due to several factors:

- Foreign exchange rate movements resulted in a positive contribution of 10.4 billion yen. This was mainly due to favorable movements in the Mexican Peso, Australian dollar and Canadian dollar.
- Change in scope of consolidation contributed an additional 11.2 billion yen.
- Combined volumes and mix contributed 58.1 billion yen.
- Selling expenses produced a negative impact of 30.7 billion yen, due to higher levels of incentives, particularly in the U.S. market.
- Purchasing continued its good performance as lower net purchasing costs generated a positive contribution of 49.7 billion yen to operating profits.
- Product enrichment and the cost of regulations produced a negative impact of 47.4 billion yen.
- Higher R&D expenses generated a negative impact of 8.3 billion yen, as Nissan continued to boost investments in technology and product development.
- Manufacturing and logistics expenses increased by 17.4 billion yen, which reflected continued capacity and product specific investments required to support the upcoming launch of 28 all-new vehicles during the Nissan Value-Up period.
- Warranty expenses increased by 21.0 billion yen as a result of growing sales and more proactive and swift customer service actions.
- General, administrative and other expenses decreased by 3.5 billion yen.

Net non-operating items totaled a negative 15.9 billion yen. This was due mainly to the negative impact of foreign exchange losses.

Ordinary income came to 395.6 billion yen, down from 401.4 billion yen in the first half of fiscal year 2004.

Net extraordinary losses totaled a negative 28.2 billion yen, which decreased from last year's losses of a negative 30.9 billion yen. The losses are due to one-time charges related to a change in Japanese accounting standards for the treatment of fixed assets and the introduction of Nissan's defined contribution pension plan.

Income before taxes came to 367.4 billion yen. Taxes amounted to 117.2 billion yen, down from 120.7 billion yen in 2004. The consolidated effective tax rate for the period was 31.9%, which was slightly lower than the 32.6% rate in the first half of fiscal year 2004.

Minority interests, which are profits in fully consolidated companies that Nissan does not own 100% such as Calsonic Kansei, Aichi Kikai and Nissan Shatai, totaled 19.5 billion yen.

As a result, net income after tax totaled 230.7 billion yen, which was a 3.4% decrease from the prior year of 238.8 billion yen.

#### **4. Fiscal Year 2005 Financial Forecast**

Considering the risks and opportunities for fiscal year 2005, the most significant risks continue to be the deterioration in the product mix, particularly in the U.S. market, rising levels of incentives worldwide, and higher commodity and energy prices. Major opportunities are favorable foreign exchange rates, especially the yen-dollar relationship, and the flawless execution of the NISSAN Value-Up plan.

Given these risks and opportunities, Nissan believes the favorable foreign exchange rates will offset the identified risks. As such, Nissan maintains its initial forecasts for the full fiscal year.

## 5. SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

### 1) Consolidated Statements of Income

(1st half FY2005, 1st half FY2004 and FY2004)

[in millions of Yen, ( ) indicates loss or minus]

The following information has been prepared in accordance with accounting principles generally accepted in Japan.

	FY2005 1st half	FY2004 1st half	Change		FY2004
			Amount	%	
<b>NET SALES</b>	100% <b>4,490,975</b>	100% <b>4,007,942</b>	<b>483,033</b>	<b>12.1 %</b>	100% <b>8,576,277</b>
COST OF SALES	3,355,763	2,951,746	404,017		6,351,269
Gross profit	25.3% 1,135,212	26.4% 1,056,196	79,016	7.5 %	25.9% 2,225,008
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	723,674	652,759	70,915		1,363,848
<b>Operating income</b>	9.2% <b>411,538</b>	10.1% <b>403,437</b>	<b>8,101</b>	<b>2.0 %</b>	10.0% <b>861,160</b>
NON-OPERATING INCOME	36,903	32,424	4,479		71,949
Interest and dividend income	12,070	7,294	4,776		16,274
Equity in earnings of unconsolidated subsidiaries & affiliates	16,667	15,161	1,506		36,790
Other non-operating income	8,166	9,969	(1,803)		18,885
NON-OPERATING EXPENSES	52,802	34,504	18,298		77,409
Interest expense	12,752	13,260	(508)		26,656
Amortization of net retirement benefit obligation at transition	5,669	5,888	(219)		11,795
Foreign exchange loss	23,209	-	23,209		-
Other non-operating expenses	11,172	15,356	(4,184)		38,958
<b>Ordinary income</b>	8.8% <b>395,639</b>	10.0% <b>401,357</b>	<b>(5,718)</b>	<b>(1.4) %</b>	10.0% <b>855,700</b>
EXTRAORDINARY GAINS	25,962	14,787	11,175		43,098
EXTRAORDINARY LOSSES	54,160	45,664	8,496		105,565
<b>Income before income taxes and minority interests</b>	8.2% <b>367,441</b>	9.3% <b>370,480</b>	<b>(3,039)</b>	<b>(0.8) %</b>	9.2% <b>793,233</b>
INCOME TAXES CURRENT	145,762	145,829	(67)		179,226
INCOME TAXES DEFERRED	(28,596)	(25,142)	(3,454)		78,837
MINORITY INTERESTS	19,573	10,985	8,588		22,889
<b>NET INCOME</b>	5.1% <b>230,702</b>	6.0% <b>238,808</b>	<b>(8,106)</b>	<b>(3.4) %</b>	6.0% <b>512,281</b>

**2) Consolidated Balance Sheets**  
as of Sep 30, 2005, Mar 31, 2005 and Sep 30, 2004  
[ in millions of Yen, ( ) indicates loss or minus ]

The following information has been prepared in accordance with accounting principles generally accepted in Japan.

	as of Sep 30, 2005	as of Mar 31, 2005	Change	as of Sep 30, 2004
<b>[ASSETS]</b>				
<b>CURRENT ASSETS</b>	<b>5,572,678</b>	<b>5,139,394</b>	<b>433,284</b>	<b>4,737,694</b>
Cash on hand and in banks	265,452	300,274	(34,822)	360,340
Notes & accounts receivable	575,562	538,029	37,533	466,593
Sales finance receivables	3,211,048	3,026,788	184,260	2,610,794
Marketable securities	22,081	13,426	8,655	17,481
Inventories	853,567	708,062	145,505	702,380
Deferred tax assets	302,667	291,210	11,457	262,306
Other current assets	342,301	261,605	80,696	317,800
<b>FIXED ASSETS</b>	<b>5,026,618</b>	<b>4,708,078</b>	<b>318,540</b>	<b>4,376,524</b>
Property, plant and equipment	4,091,253	3,796,947	294,306	3,500,453
Intangible assets	174,016	178,160	(4,144)	163,517
Investment securities	358,229	361,921	(3,692)	305,884
Long-term loans receivable	19,658	20,248	(590)	18,100
Deferred tax assets	153,547	125,081	28,466	173,835
Other fixed assets	229,915	225,721	4,194	214,735
<b>DEFERRED ASSETS</b>	<b>779</b>	<b>1,051</b>	<b>(272)</b>	<b>1,322</b>
<b>TOTAL ASSETS</b>	<b>10,600,075</b>	<b>9,848,523</b>	<b>751,552</b>	<b>9,115,540</b>
<b>[LIABILITIES]</b>				
<b>CURRENT LIABILITIES</b>	<b>4,403,894</b>	<b>3,974,714</b>	<b>429,180</b>	<b>3,857,913</b>
Notes & accounts payable	963,671	939,786	23,885	920,309
Short-term borrowings	2,273,861	1,925,618	348,243	1,950,073
Deferred tax liabilities	3,131	2,401	730	2,318
Accrued warranty costs	71,329	61,762	9,567	48,181
Leasing obligation	61,160	58,332	2,828	50,438
Other current liabilities	1,030,742	986,815	43,927	886,594
<b>LONG-TERM LIABILITIES</b>	<b>3,209,026</b>	<b>3,151,358</b>	<b>57,668</b>	<b>2,836,820</b>
Bonds and debentures	612,434	493,125	119,309	409,939
Long-term borrowings	1,524,522	1,373,504	151,018	1,238,334
Deferred tax liabilities	462,563	438,942	23,621	380,169
Accrued warranty costs	123,582	122,990	592	113,996
Accrued retirement benefits	282,249	508,203	(225,954)	460,350
Leasing obligation	78,134	96,544	(18,410)	91,735
Other long-term liabilities	125,542	118,050	7,492	142,297
<b>TOTAL LIABILITIES</b>	<b>7,612,920</b>	<b>7,126,072</b>	<b>486,848</b>	<b>6,694,733</b>
<b>[MINORITY INTERESTS]</b>				
<b>MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES</b>	<b>274,268</b>	<b>256,701</b>	<b>17,567</b>	<b>164,065</b>
<b>[SHAREHOLDERS' EQUITY]</b>				
<b>COMMON STOCK</b>	<b>605,814</b>	<b>605,814</b>	-	<b>605,814</b>
<b>CAPITAL SURPLUS</b>	<b>804,470</b>	<b>804,470</b>	-	<b>804,470</b>
<b>RETAINED EARNINGS</b>	<b>1,884,661</b>	<b>1,715,099</b>	<b>169,562</b>	<b>1,485,196</b>
<b>UNREALIZED HOLDING GAIN ON SECURITIES</b>	<b>9,255</b>	<b>7,355</b>	<b>1,900</b>	<b>5,501</b>
<b>TRANSLATION ADJUSTMENTS</b>	<b>(315,843)</b>	<b>(400,099)</b>	<b>84,256</b>	<b>(396,615)</b>
<b>TREASURY STOCK</b>	<b>(275,470)</b>	<b>(266,889)</b>	<b>(8,581)</b>	<b>(247,624)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,712,887</b>	<b>2,465,750</b>	<b>247,137</b>	<b>2,256,742</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS &amp; SHAREHOLDERS' EQUITY</b>	<b>10,600,075</b>	<b>9,848,523</b>	<b>751,552</b>	<b>9,115,540</b>

Note. The amount of short-term borrowings includes current maturities of long-term borrowings, bonds and debentures, and commercial paper.

### **3) Consolidated Statements of Capital Surplus and Retained Earnings**

(1st half FY2005, 1st half FY2004 and FY2004)

[in millions of Yen, ( ) indicates loss or minus]

The following information has been prepared in accordance with accounting principles generally accepted in Japan.

	FY2005 1st half	FY2004 1st half	Change	FY2004
<b>( Capital surplus )</b>				
<b>Capital surplus at beginning and end of period</b>	<b>804,470</b>	<b>804,470</b>	-	<b>804,470</b>
<b>( Retained earnings )</b>				
<b>Retained earnings at beginning of period</b>	<b>1,715,099</b>	<b>1,286,299</b>	<b>428,800</b>	<b>1,286,299</b>
<b>Increase</b>	<b>233,322</b>	<b>246,452</b>	<b>(13,130)</b>	<b>528,509</b>
Net income	230,702	238,808	(8,106)	512,281
Increase due to inclusion in consolidation	-	1,104	(1,104)	1,104
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	2,620	3,592	(972)	12,942
Increase from unfunded retirement benefit obligation of foreign subsidiaries	-	2,948	(2,948)	-
Increase due to land revaluation of subsidiaries	-	-	-	2,182
<b>Decrease</b>	<b>63,760</b>	<b>47,555</b>	<b>16,205</b>	<b>99,709</b>
Cash dividends paid	48,947	45,078	3,869	94,236
Bonuses to directors and statutory auditors	441	404	37	404
Loss on disposal of treasury stock	4,985	2,073	2,912	4,700
Decrease due to exclusion in consolidation	32	-	32	-
Decrease due to exclusion from the equity method	1,633	-	1,633	-
Decrease from unfunded retirement benefit obligation of foreign subsidiaries	863	-	863	369
Decrease due to land revaluation of subsidiaries	855	-	855	-
Decrease due to an affiliate's transition to International Financial Reporting Standards	6,004	-	6,004	-
<b>Retained earnings at end of period</b>	<b>1,884,661</b>	<b>1,485,196</b>	<b>399,465</b>	<b>1,715,099</b>



#### **4) Consolidated Statements of Cash Flows**

(1st half FY2005, 1st half FY2004 and FY2004)

[in millions of Yen, ( ) indicates out flows]

The following information has been prepared in accordance with accounting principles generally accepted in Japan.

	FY2005 1st half	FY2004 1st half	FY2004
<b>Operating activities</b>			
Income before income taxes and minority interests	367,441	370,480	793,233
Depreciation and amortization	310,464	247,356	525,926
Impairment loss	23,058	-	-
Provision (reversal of provision) for doubtful receivables	8,753	(3,848)	(6,464)
Unrealized loss on investments	-	116	128
Interest and dividend income	(12,070)	(7,293)	(16,274)
Interest expense	48,184	33,450	73,220
Gain on sales of property, plant and equipment	(2,766)	(3,979)	(24,038)
Loss on disposal of fixed assets	10,575	9,604	20,115
Gain on sales of investment securities	(9,885)	(6,113)	(7,232)
(Increase) decrease in trade receivables	(24,381)	57,134	15,494
Increase in sales finance receivables	(47,333)	(306,883)	(794,349)
Increase in inventories	(137,731)	(123,013)	(108,903)
(Decrease) increase in trade payables	(21,184)	20,097	152,213
Amortization of net retirement benefit obligation at transition	5,669	5,888	11,795
Retirement benefit expenses	30,195	29,848	65,103
Payments related to retirement benefits	(265,811)	(40,637)	(82,924)
Other	26,793	6,023	(115)
Sub-total	309,971	288,230	616,928
Interest and dividends received	11,876	7,496	16,098
Interest paid	(47,306)	(33,256)	(71,318)
Income taxes paid	(97,271)	(138,223)	(192,293)
Total	177,270	124,247	369,415
<b>Investing activities</b>			
Increase in short-term investments	(5,198)	(8,229)	(12,370)
Purchases of fixed assets	(223,198)	(214,773)	(461,146)
Proceeds from sales of property, plant and equipment	25,794	18,847	71,256
Purchases of leased vehicles	(501,671)	(274,535)	(590,605)
Proceeds from sales of leased vehicles	120,290	86,857	173,812
Long-term loans made	(2,405)	(2,455)	(4,019)
Collection of long-term loans receivable	935	2,175	4,860
Purchases of investment securities	(10,454)	(11,155)	(31,896)
Proceeds from sales of investment securities	17,992	1,674	3,098
Purchase of subsidiaries' shares resulting in changes in the scope of consolidation	-	(1,292)	(1,292)
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	3,784	7,712	7,697
Additional acquisition of shares of consolidated subsidiaries	-	-	(500)
Other	(17,086)	(33,123)	(23,930)
Total	(591,217)	(428,297)	(865,035)
<b>Financing activities</b>			
Increase in short-term borrowings	286,610	615,965	666,191
Increase in long-term borrowings	464,392	485,566	1,050,841
Increase in bonds and debentures	277,386	30,000	140,663
Repayment or redemption of long-term debt	(545,515)	(649,149)	(1,145,534)
Proceeds from minority shareholders	1,250	-	30
Purchases of treasury stock	(22,176)	(7,873)	(33,366)
Proceeds from sales of treasury stock	7,818	3,245	6,816
Repayment of lease obligation	(39,711)	(33,816)	(69,244)
Cash dividends paid	(48,947)	(45,078)	(94,236)
Cash dividends paid to minority shareholders	(1,612)	(404)	(678)
Other	282	386	(437)
Total	379,777	398,842	521,046
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(466)	1,761	4,369
<b>(Decrease) increase in cash and cash equivalents</b>	(34,636)	96,553	29,795
<b>Cash and cash equivalent at beginning of the period</b>	289,784	194,164	194,164
<b>Increase due to inclusion in consolidation</b>	3	59,577	65,825
<b>Cash and cash equivalent at end of the period</b>	255,151	350,294	289,784

## 5) Basis of Semi-Annual Consolidated Financial Statements

### 1. Number of Consolidated Subsidiaries and Companies Accounted for by the Equity Method

(1) Consolidated subsidiaries ; 189 companies ( Domestic 96, Overseas 93)

Domestic Car Dealers, Parts Distributors

Aichi Nissan Motor Co., Ltd., Tokyo Nissan Motor Sales Co., Ltd.,  
Nissan Prince Tokyo Motor Sales Co., Ltd., Nissan Chuo Parts Sales Co., Ltd.  
and 74 other companies

Domestic Vehicles and Parts Manufacturers

Nissan Shatai Co.,Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd.,  
Calsonic Kansei Corp. and 4 other companies

Domestic Logistics & Services Companies

Nissan Trading Co., Ltd., Nissan Financial Service Co., Ltd., Autech Japan, Inc.  
and 7 other companies

Overseas subsidiaries

Nissan North America, Inc., Nissan Europe S.A.S.,  
Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V.,  
(\*Dongfeng Motor Co., Ltd. and 88 other companies

Unconsolidated Subsidiaries ; 189 companies (Domestic 127, Overseas 62)

These 189 companies are excluded from consolidation because the effect of not consolidating them was immaterial to the Company's semi annual consolidated financial statements.

(\* Dongfeng Motor Co., Ltd. (DFL) has been presented as a consolidated subsidiary, though it is a joint venture. Because, DFL has been proportionately consolidated by Nissan China Investment Co., Ltd. which is a fully consolidated subsidiary in accordance with local accounting standards.

(2) Companies accounted for by the equity method

Unconsolidated subsidiaries; 31 companies (Domestic 23, Overseas 8)

Nissan Used Car Center Co., Ltd., Guangzhou NISSAN Trading Co., Ltd.  
and 29 other companies

Affiliates;

19 companies (Domestic 16, Overseas 3)

Nissan Diesel Motor Co., Ltd., Renault S.A., and 17 other companies

The 158 unconsolidated subsidiaries and 41 affiliates other than the above companies were not accounted for by the equity method because the effect of not adopting the equity method to them was immaterial to the Company's consolidated net income and retained earnings.

(3) Change in the scope of consolidation and equity method

The change in the scope of consolidation compared with fiscal year 2004 was summarized as follows:

Newly included in the scope of consolidation; 7 subsidiaries

(Nissan Techno CO.,LTD, Nissan International Finance Singapore Pte., Ltd.,  
Nissan Motor Ukraine Ltd., GP and 4 other companies)

Excluded from the scope of consolidation ; 18 subsidiaries

(Nissan Vehiculos Industrials, S. A., Nissan Capital of America, Inc.  
Sento Nissan Motor Sales Co., Ltd. and 15 other companies)

Number of companies newly accounted for by the equity method; 1 (Nissan Chiba Parts Sales Co., Ltd.)

Number of companies ceased to be accounted for by the equity method of accounting; 5

(Nissan Techno CO.,LTD, Nissan Satio Yamanashi Co., Ltd., E-Graphics and 2 other companies)

The increase in the number of consolidated subsidiaries and companies accounted for by the equity method were primarily attributable to those newly established or became material to the semi-annual consolidated financial statements, and the decrease were mainly due to sales, liquidations or merger.

## **2. Fiscal Period of Consolidated Subsidiaries**

1)The end of 1st half of FY2005 for the following consolidated subsidiaries is different from that of the Company (September 30)

June 30 : Nissan Europe S.A.S. Nissan Mexicana,S.A.de C.V.,  
Nissan Motor Company South Africa (Proprietary) Limited, and 58 other overseas subsidiarie:

2)With respect to the above 61 companies, the relevant adjustments were made in consolidation to reflect an significant transactions from July 1 to September 30

### 3. Significant Accounting Policies

#### 1) Valuation methods for assets

##### 1. Securities

Held-to-maturity debt securities ..... Held-to maturity debt securities are stated at amortized cost

##### Other securities

Marketable securities ..... Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity  
Cost of securities sold is calculated by the moving average method

Non-marketable securities .. Non-marketable securities classified as other securities are carried at cost determined by the moving average method

##### 2. Derivative financial instruments

Derivative financial instruments are stated at fair value

##### 3. Inventories

Inventories are carried at the lower of cost or market, cost being determined by the first-in, first-out method

#### 2) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated principally by straight-line method based on the estimated useful lives and economic residual value determined by the Company

#### 3) Basis for reserves and allowances

##### Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible bad debt at the amount estimated based on past bad debts experience for normal receivables plus uncollectible amounts determined by reference to the collectibility of individual doubtful receivables.

##### Accrued warranty costs

Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience

##### Accrued retirement benefits

Accrued retirement benefits are provided principally at the amount calculated based on the estimate amount incurred at the end of the period, which is, in turn, calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year

The net retirement benefit obligation at transition is primarily being amortized over a period of 15 years by the straight-line method.

Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees

#### 4) Lease transactions

Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases

#### 5) Significant hedge accounting method

##### Hedge accounting

Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.

##### Hedging instruments and hedged items

Hedging instruments - Derivative transactions

Hedged items - Mainly forecasted sales denominated in foreign currencies

##### Hedging policy

It is the Company's policy that all transactions denominated in foreign currencies are to be hedged

##### Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of forecasted sales are substantially the same as those of forward exchange contracts

Risk management policy with respect to hedge accounting

The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."

6) Consumption Tax

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax

7) Accounting policies adopted by foreign consolidated subsidiaries:

The semiannual financial statements of the Company's subsidiaries in Mexico and other certain countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in Mexico and other certain countries are charged or credited to operations and directly reflected in retained earnings in the accompanying semiannual consolidated financial statements

#### **4. Cash and cash equivalents**

Cash and cash equivalents in semiannual consolidated statements of cash flows include cash, deposits which can be withdrawn on demand and highly liquid short-term investments exposed to insignificant risk of changes in value with a maturity of three months or less when purchased

#### **5. Accounting changes**

##### **(Forward exchange contracts)**

Until the year ended March 31, 2005, the Company and its domestic consolidated subsidiaries adopted the special treatment for forward exchange contracts which were entered into to hedge forecasted sales denominated in foreign currencies and were also qualified for hedge accounting in the manner that related sales and accounts receivable were translated and reflected in the consolidated financial statements at their corresponding contracted rates. Effective April 1, 2005, the Company and its domestic subsidiaries changed their accounting for those sales, accounts receivable and forward exchange contracts to the benchmark method under which sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and related accounts receivable are translated into income, while the forward exchange contracts are carried at the market fair value. This change was made, as a result of the implementation of newly modified internal operating system regarding forward exchange contracts, to achieve a better presentation of gain or loss related to derivative transactions.

The effect of this change was immaterial

##### **(Accounting Standard for Impairment of Fixed Assets)**

Effective April 1, 2005, the Company and its domestic consolidated subsidiaries have adopted the accounting standard for impairment of fixed assets ("Opinion Concerning the Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guideline on the Accounting Standard for Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease income before income taxes and minority interests by 23,058 million yen for the six month period ended September 30, 2005

Cumulative impairment losses have been directly subtracted from respective assets in accordance with revised Regulations for Semiannual Consolidated Financial Statements

## 6) Notes to Semiannual Consolidated Financial Statements

### 1. Contingent Liabilities

At September 30, 2005, the Company and its consolidated subsidiaries had the following contingent liabilities:

	(Millions of yen)
1) As guarantor of employees' housing loans from banks and other: (186,050 for employees, 39,296 for others)	225,346
2) Commitments to provide guarantees of indebtedness of unconsolidated subsidiaries and affiliates at the request of lending banks	2,629
3) The outstanding balance of installment receivables sold with recourse	16,069

### 2. Research and development costs included in cost of sales and general and administrative expenses

(Millions of yen)  
203,370

### 3. Impairment losses

Usage of assets	Asset category	Location	Millions of yen
Idle property	Land, buildings	Izunokuni-shi, Shizuoka and other 42 items	17,472
Assets to be disposed	Land, buildings and structures, etc.	Hidaka-shi, Saitama	5,586

### 4. Cash Flows

Cash and cash equivalents at the end of 1st half of fiscal year 2005 are reconciled to the account reported in the semi-annual consolidated balance sheet as follows

(as of Sept. 30 2005)	(Millions of yen)
Cash on hand and in banks	265,452
Time deposits with maturities of more than three months	(30,708)
Cash equivalents included in marketable securities (*)	20,407
Cash and cash equivalents	255,151

\* These represent short-term highly liquid investments readily convertible into cash held by foreign subsidiaries

## 5. Securities

[in millions of Yen, ( ) indicates loss or minus]

### 1 Marketable held-to-maturity debt securities

	as of Sept 30, 2005			as of Sept 30, 2004			as of Mar 31, 2005		
	Carrying value	Estimated fair value	Unrealized gain ( loss)	Carrying value	Estimated fair value	Unrealized gain ( loss)	Carrying value	Estimated fair value	Unrealized gain ( loss)
Corporate bonds	57	57	-	206	206	-	201	201	-
Total	57	57	-	206	206	-	201	201	-

### 2 Marketable other securities

	as of Sept 30, 2005			as of Sept 30, 2004			as of Mar 31, 2005		
	Acquisition cost	Carrying value	Unrealized gain ( loss)	Acquisition cost	Carrying value	Unrealized gain ( loss)	Acquisition cost	Carrying value	Unrealized gain ( loss)
(1) Stocks	4,691	19,574	14,883	3,514	10,650	7,136	4,460	16,261	11,801
(2) Bonds									
National & local government bonds	19	20	1	19	20	1	19	20	1
(3) Others	-	-	-	-	-	-	229	209	(20)
Total	4,710	19,594	14,884	3,533	10,670	7,137	4,708	16,490	11,782

### 3 Details and carrying value of securities whose fair value is not available

	as of Sept 30, 2005	as of Sept 30, 2004	as of Mar 31, 2005
	Carrying value	Carrying value	Carrying value
Other Securities			
Unlisted domestic stocks (excluding those traded on the over-the-counter market)	9,179	6,730	8,822
Unlisted foreign stocks	753	4,674	721

## 6. Segment information

for the 1st half FY2005, 1st half FY2004 and FY2004

[in Millions of yen, ( ) indicates minus]

### 1. Business Segment information

4/1/05 - 9/30/05	Automobile	Sales Financing	Total	Eliminations	Consolidated
I. NET SALES					
(1) Sales to third parties	4,245,853	245,122	4,490,975	-	4,490,975
(2) Intergroup sales and transfers	14,270	7,258	21,528	(21,528)	-
TOTAL	4,260,123	252,380	4,512,503	(21,528)	4,490,975
OPERATING EXPENSES	3,895,371	217,957	4,113,328	(33,891)	4,079,437
OPERATING INCOME	364,752	34,423	399,175	12,363	411,538

4/1/04- 9/30/04	Automobile	Sales Financing	Total	Eliminations	Consolidated
I. NET SALES					
(1) Sales to third parties	3,815,292	192,650	4,007,942	-	4,007,942
(2) Intergroup sales and transfers	11,678	5,589	17,267	(17,267)	-
TOTAL	3,826,970	198,239	4,025,209	(17,267)	4,007,942
OPERATING EXPENSES	3,464,207	162,235	3,626,442	(21,937)	3,604,505
OPERATING INCOME	362,763	36,004	398,767	4,670	403,437

4/1/04 - 3/31/05	Automobile	Sales Financing	Total	Eliminations	Consolidated
I. NET SALES					
(1) Sales to third parties	8,177,841	398,436	8,576,277	-	8,576,277
(2) Intergroup sales and transfers	23,742	13,509	37,251	(37,251)	-
TOTAL	8,201,583	411,945	8,613,528	(37,251)	8,576,277
OPERATING EXPENSES	7,429,760	338,388	7,768,148	(53,031)	7,715,117
OPERATING INCOME	771,823	73,557	845,380	15,780	861,160

Notes: 1. Businesses are segmented based on their proximity in terms of the type, nature and markets of their products.

2. Major products and services included in each segment for the 1st half of fiscal year ended March 31, 2006 are;

- (1) Automobile..... Passenger cars, Light trucks and buses, Forklifts, Parts for production etc.
- (2) Sales financing .....Credit, Lease etc.



## 2. Consolidated Financial Statements by Business Segment

\* The sales financing segment consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA), NR F Mexico, S.A. De C.V. (Mexico), NR Wholesale Mexico, S.A. De C.V. (Mexico), ESARA, S.A. de C.V. (Mexico) and sales financing division of Nissan Canada Inc. (Canada).

\* The financial data on the automobile and eliminations segment represents the difference between the consolidated figures and those for the sales financing segment.

### 1). Balance sheets by business segment

(millions of Yen)

	Consolidated total								
	Automobile & eliminations			Sales Financing					
	as of 9/30/05	as of 3/31/05	Change	as of 9/30/05	as of 3/31/05	Change	as of 9/30/05	as of 3/31/05	Change
<b>Current assets</b>	2,027,311	1,688,461	338,850	3,545,367	3,450,933	94,434	5,572,678	5,139,394	433,284
Cash on hand and in banks	260,426	288,208	(27,782)	5,026	12,066	(7,040)	265,452	300,274	(34,822)
Notes & accounts receivable	575,420	537,912	37,508	142	117	25	575,562	538,029	37,533
Sales finance receivables	(158,673)	(216,218)	57,545	3,369,721	3,243,006	126,715	3,211,048	3,026,788	184,260
Marketable securities	20,765	12,400	8,365	1,316	1,026	290	22,081	13,426	8,655
Inventories	845,231	702,534	142,697	8,336	5,528	2,808	853,567	708,062	145,505
Other current assets	484,142	363,625	120,517	160,826	189,190	(28,364)	644,968	552,815	92,153
<b>Fixed assets</b>	3,588,970	3,562,689	26,281	1,437,648	1,145,389	292,259	5,026,618	4,708,078	318,540
Property, plant and equipment	2,781,967	2,774,719	7,248	1,309,286	1,022,228	287,058	4,091,253	3,796,947	294,306
Investment securities	357,936	361,632	(3,696)	293	289	4	358,229	361,921	(3,692)
Other fixed assets	449,067	426,338	22,729	128,069	122,872	5,197	577,136	549,210	27,926
<b>Deferred assets</b>	779	1,051	(272)	-	-	-	779	1,051	(272)
<b>Total assets</b>	5,617,060	5,252,201	364,859	4,983,015	4,596,322	386,693	10,600,075	9,848,523	751,552
<b>Current liabilities</b>	1,635,598	1,332,957	302,641	2,768,296	2,641,757	126,539	4,403,894	3,974,714	429,180
Notes & accounts payable	939,241	916,820	22,421	24,430	22,966	1,464	963,671	939,786	23,885
Short-term borrowings	(372,254)	(609,468)	237,214	2,646,115	2,535,086	111,029	2,273,861	1,925,618	348,243
Lease obligation	60,469	57,416	3,053	691	916	(225)	61,160	58,332	2,828
Other current liabilities	1,008,142	968,189	39,953	97,060	82,789	14,271	1,105,202	1,050,978	54,224
<b>Long-term liabilities</b>	1,376,487	1,540,476	(163,989)	1,832,539	1,610,882	221,657	3,209,026	3,151,358	57,668
Bonds and debentures	396,352	320,602	75,750	216,082	172,523	43,559	612,434	493,125	119,309
Long-term borrowings	210,225	209,291	934	1,314,297	1,164,213	150,084	1,524,522	1,373,504	151,018
Lease obligation	78,134	96,544	(18,410)	-	-	-	78,134	96,544	(18,410)
Other long-term liabilities	691,776	914,039	(222,263)	302,160	274,146	28,014	993,936	1,188,185	(194,249)
<b>Total liabilities</b>	3,012,085	2,873,433	138,652	4,600,835	4,252,639	348,196	7,612,920	7,126,072	486,848
<b>Minority interests</b>	272,728	256,656	16,072	1,540	45	1,495	274,268	256,701	17,567
<b>Equity</b>	2,332,247	2,122,112	210,135	380,640	343,638	37,002	2,712,887	2,465,750	247,137
Common stock	514,612	517,260	(2,648)	91,202	88,554	2,648	605,814	605,814	-
Capital surplus	773,627	774,403	(776)	30,843	30,067	776	804,470	804,470	-
Retained earnings and unrealized holding gain on securities	1,649,202	1,494,766	154,436	244,714	227,688	17,026	1,893,916	1,722,454	171,462
Translation adjustments	(329,724)	(397,428)	67,704	13,881	(2,671)	16,552	(315,843)	(400,099)	84,256
Treasury stock	(275,470)	(266,889)	(8,581)	-	-	-	(275,470)	(266,889)	(8,581)
<b>Total shareholders' equity</b>	2,332,247	2,122,112	210,135	380,640	343,638	37,002	2,712,887	2,465,750	247,137
<b>Total liabilities, minority interests and shareholders' equity</b>	5,617,060	5,252,201	364,859	4,983,015	4,596,322	386,693	10,600,075	9,848,523	751,552

Note: 1. Sales finance receivables of Automobile & eliminations represent the amount eliminated for intercompany transactions related to wholesale finance made by Sales Financing segment.

2. Borrowings of Automobile & eliminations represent the amount after deducting the amount of internal loans receivable from Sales Financing segment.  
(05/3 973,169 million yen, 05/9 897,946 million yen)

### (Interest bearing debt by business segment)

(millions of Yen)

	Consolidated total								
	Automobile & eliminations			Sales Financing					
	as of 9/30/05	as of 3/31/05	Change	as of 9/30/05	as of 3/31/05	Change	as of 9/30/05	as of 3/31/05	Change
Short-term borrowings from Third Parties	525,692	363,701	161,991	1,748,169	1,561,917	186,252	2,273,861	1,925,618	348,243
Internal Loans to Sales Financing	(897,946)	(973,169)	75,223	897,946	973,169	(75,223)	-	-	-
Short-term borrowings (per B/S)	(372,254)	(609,468)	237,214	2,646,115	2,535,086	111,029	2,273,861	1,925,618	348,243
Bonds and debentures	396,352	320,602	75,750	216,082	172,523	43,559	612,434	493,125	119,309
Long-term borrowings from Third Parties	210,225	209,291	934	1,314,297	1,164,213	150,084	1,524,522	1,373,504	151,018
Internal Loans to Sales Financing	-	-	-	-	-	-	-	-	-
Long-term borrowings (per B/S)	210,225	209,291	934	1,314,297	1,164,213	150,084	1,524,522	1,373,504	151,018
Lease obligation	138,603	153,960	(15,357)	691	916	(225)	139,294	154,876	(15,582)
Internal Loans from Sales Financing	2,282	-	2,282	(2,282)	-	(2,282)	-	-	-
<b>Total interest bearing debt</b>	375,208	74,385	300,823	4,174,903	3,872,738	302,165	4,550,111	3,947,123	602,988
Cash and cash equivalent	248,917	280,176	(31,259)	6,234	9,608	(3,374)	255,151	289,784	(34,633)
<b>Net interest bearing debt</b>	126,291	(205,791)	332,082	4,168,669	3,863,130	305,539	4,294,960	3,657,339	637,621
Debt for Canton Plant included	96,857	93,719	3,138	-	-	-	96,857	93,719	3,138
Lease obligation included	138,603	153,960	(15,357)	691	916	(225)	139,294	154,876	(15,582)
<b>Net interest bearing debt (except for those related to Canton Plant)</b>	(109,169)	(453,470)	344,301	4,167,978	3,862,214	305,764	4,058,809	3,408,744	650,065

## 2). Statements of income by business segment

(millions of Yen)

	Automobile & eliminations		Sales Financing			Consolidated total			
	4/1/05 - 9/30/05	4/1/04 - 9/30/04	Change	4/1/05 - 9/30/05	4/1/04 - 9/30/04	Change	4/1/05 - 9/30/05	4/1/04 - 9/30/04	Change
	<b>Net sales</b>	4,238,595	3,809,703	428,892	252,380	198,239	54,141	4,490,975	4,007,942
Cost of sales	3,181,781	2,832,811	348,970	173,982	118,935	55,047	3,355,763	2,951,746	404,017
<b>Gross profit</b>	1,056,814	976,892	79,922	78,398	79,304	(906)	1,135,212	1,056,196	79,016
Operating profit as a percentage of net sales	8.9%	9.6%	-0.7%	13.6%	18.2%	(0)	9.2%	10.1%	-0.9%
<b>Operating profit</b>	377,115	367,433	9,682	34,423	36,004	(1,581)	411,538	403,437	8,101
Net financial cost	(679)	(6,149)	5,470	(3)	183	(186)	(682)	(5,966)	5,284
Others	(15,468)	3,411	(18,879)	251	475	(224)	(15,217)	3,886	(19,103)
<b>Ordinary profit</b>	360,968	364,695	(3,727)	34,671	36,662	(1,991)	395,639	401,357	(5,718)
<b>Income before income taxes and minority interests</b>	332,853	333,819	(966)	34,588	36,661	(2,073)	367,441	370,480	(3,039)
<b>Net income</b>	208,345	219,115	(10,770)	22,357	19,693	2,664	230,702	238,808	(8,106)

### Net financial cost

	4/1/05 - 9/30/05	4/1/04 - 9/30/04	Change	4/1/05 - 9/30/05	4/1/04 - 9/30/04	Change	4/1/05 - 9/30/05	4/1/04 - 9/30/04	Change
Total	(679)	(6,149)	5,470	(3)	183	(186)	(682)	(5,966)	5,284
Interest on Lease obligation	(2,063)	(1,863)	(200)	(8)	(11)	3	(2,071)	(1,874)	(197)
Eliminations	(14,455)	(4,385)	(10,070)	-	-	-	(14,455)	(4,385)	(10,070)
Net financial cost by segment	15,839	99	15,740	5	194	(189)	15,844	293	15,551

## 3). Statements of cash flows by business segment

(millions of Yen)

	FY05 1st half			FY04 1st half		
	Consolidated total			Consolidated total		
	Automobile & eliminations	Sales Financing		Automobile & eliminations	Sales Financing	
<b>Operating activities</b>						
Income before income taxes and minority interests	332,853	34,588	367,441	333,819	36,661	370,480
Depreciation and amortization	194,846	115,618	310,464	162,530	84,826	247,356
(Increase) decrease in sales finance receivables	(51,820)	4,487	(47,333)	(54,199)	(252,684)	(306,883)
Others	(529,269)	75,967	(453,302)	(230,563)	43,857	(186,706)
Total	(53,390)	230,660	177,270	211,587	(87,340)	124,247
<b>Investing activities</b>						
Proceeds from sales of investment securities	21,776	-	21,776	9,392	(6)	9,386
Proceeds from sales of property, plant and equipment	25,793	1	25,794	18,848	(1)	18,847
Purchases of fixed assets	(216,260)	(6,938)	(223,198)	(209,828)	(4,945)	(214,773)
Purchases of leased vehicles	(24,969)	(476,702)	(501,671)	(3,130)	(271,405)	(274,535)
Proceeds from sales of leased vehicles	11,849	108,441	120,290	4,550	82,307	86,857
Others	(35,742)	1,534	(34,208)	(61,011)	6,932	(54,079)
Total	(217,553)	(373,664)	(591,217)	(241,179)	(187,118)	(428,297)
<b>Financing activities</b>						
Increase (decrease) in short-term borrowings	298,742	(12,132)	286,610	455,233	160,732	615,965
(Decrease) increase or redemption of long-term debt	(180,573)	99,450	(81,123)	(246,662)	83,079	(163,583)
Increase in bonds and debentures	227,386	50,000	277,386	-	30,000	30,000
Others	(104,886)	1,790	(103,096)	(84,191)	651	(83,540)
Total	240,669	139,108	379,777	124,380	274,462	398,842
Effect of exchange rate changes on cash and cash equivalents	(988)	522	(466)	1,585	176	1,761
(Decrease) increase in cash and cash equivalents	(31,262)	(3,374)	(34,636)	96,373	180	96,553
Cash and cash equivalents at beginning of the period	280,176	9,608	289,784	190,135	4,029	194,164
Increase due to inclusion in consolidation	3	-	3	59,577	-	59,577
<b>Cash and cash equivalents at end of the period</b>	248,917	6,234	255,151	346,085	4,209	350,294

Note: 1. Increase (decrease) in short-term borrowings of Automobile & eliminations include the elimination amount of decrease (FY04 -373,031million yen, FY05 -78,310 million yen) in internal loans receivable from Sales Financing segment.

### 3. Geographical Segment information

[in Millions of yen, ( ) indicates minus]

4/1/05 - 9/30/05	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. NET SALES							
(1) Sales to third parties	1,327,895	1,855,923	691,071	616,086	4,490,975	-	4,490,975
(2) Inter-area sales and transfers	1,044,535	54,080	34,658	5,527	1,138,800	(1,138,800)	-
TOTAL	2,372,430	1,910,003	725,729	621,613	5,629,775	(1,138,800)	4,490,975
OPERATING EXPENSES	2,173,047	1,744,637	707,543	588,286	5,213,513	(1,134,076)	4,079,437
OPERATING INCOME	199,383	165,366	18,186	33,327	416,262	(4,724)	411,538

4/1/04 - 9/30/04	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. NET SALES							
(1) Sales to third parties	1,144,232	1,728,348	621,924	513,438	4,007,942	-	4,007,942
(2) Inter-area sales and transfers	985,697	31,182	20,612	1,704	1,039,195	(1,039,195)	-
TOTAL	2,129,929	1,759,530	642,536	515,142	5,047,137	(1,039,195)	4,007,942
OPERATING EXPENSES	1,967,486	1,566,360	623,192	486,058	4,643,096	(1,038,591)	3,604,505
OPERATING INCOME	162,443	193,170	19,344	29,084	404,041	(604)	403,437

4/1/04 - 3/31/05	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. NET SALES							
(1) Sales to third parties	2,556,683	3,726,456	1,254,007	1,039,131	8,576,277	-	8,576,277
(2) Inter-area sales and transfers	1,981,104	81,794	51,109	7,622	2,121,629	(2,121,629)	-
TOTAL	4,537,787	3,808,250	1,305,116	1,046,753	10,697,906	(2,121,629)	8,576,277
OPERATING EXPENSES	4,196,667	3,392,676	1,249,110	996,529	9,834,982	(2,119,865)	7,715,117
OPERATING INCOME	341,120	415,574	56,006	50,224	862,924	(1,764)	861,160

Notes 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

2. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America : U.S.A., Canada, Mexico
- (2) Europe : France, U.K., Spain and other European countries
- (3) Others : Asia, Oceania, the Middle and Near East, Central and South America  
excluding Mexico and South Africa

#### 4. Overseas Net sales

Overseas net sales and the related percentages of the sales to the total consolidated net sales are summarized as follows:

4/1/05 - 9/30/05	North America	Europe	Other foreign countries	Total
(1) Overseas net sales [Millions of yen]	1,811,634	698,255	816,630	3,326,519
(2) Consolidated net sales [Millions of yen]				4,490,975
(3) Overseas net sales / Consolidated net sales	40.3%	15.6%	18.2%	74.1%

4/1/04 - 9/30/04	North America	Europe	Other foreign countries	Total
(1) Overseas net sales [Millions of yen]	1,697,970	607,682	685,597	2,991,249
(2) Consolidated net sales [Millions of yen]				4,007,942
(3) Overseas net sales / Consolidated net sales	42.3%	15.2%	17.1%	74.6%

4/1/04 - 3/31/05	North America	Europe	Other foreign countries	Total
(1) Overseas net sales [Millions of yen]	3,662,436	1,269,204	1,401,592	6,333,232
(2) Consolidated net sales [Millions of yen]				8,576,277
(3) Overseas net sales / Consolidated net sales	42.7%	14.8%	16.3%	73.8%

Note: 1. Overseas net sales include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Areas which belong to segments other than Japan are as follows :

(1) North America : USA, Canada, Mexico

(2) Europe : France, U.K., Spain and other European countries

(3) Other foreign countries : Asia, Oceania, the Middle and Near East, Central and South America excluding Mexico and South Africa

## 7. Production and sales

### 1) Consolidated production volume

(Units)

	1st Half FY05	1st Half FY04	Change	
			Units	%
Japan	692,971	712,431	( 19,460 )	( 2.7 )
U.S.A.	400,165	361,277	38,888	10.8
Mexico	177,081	151,120	25,961	17.2
U.K.	165,928	172,185	( 6,257 )	( 3.6 )
Spain	97,380	68,861	28,519	41.4
South Africa	22,722	19,766	2,956	15.0
Indonesia	7,223	3,416	3,807	111.4
Thailand	21,189	18,152	3,037	16.7
China	102,694	57,703	44,991	78.0
Total	1,687,353	1,564,911	122,442	7.8

Note: Period of counting units

Japan, U.S.A April/2005-September/2005  
Other seven countries January/2005-June/2005

### 2) Consolidated wholesale units by region

(Units)

	1st Half FY05	1st Half FY04	Change	
			Units	%
Japan	406,209	360,793	45,416	12.6
North America	645,920	634,775	11,145	1.8
Europe	302,997	284,012	18,985	6.7
Others	383,982	332,281	51,701	15.6
Total	1,739,108	1,611,861	127,247	7.9

Note: Period of counting units

Japan , North America ( excluding Mexico )  
April/2005-September/2005  
North America ( Mexico only ) , Europe  
January/2005-June/2005

## 8. Footnotes to be disclosed

Following information is disclosed by EDINET.

Lease transactions

Fair value of derivative transactions

# FY2005 Semi-Annual Non-Consolidated Financial Results

(Six months ended September 30, 2005)



October 28, 2005

Company name : Nissan Motor Co., Ltd  
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange in Japan  
 Code number : 7201  
 Location of the head office : Tokyo  
 URL : <http://www.nissan-global.com/EN/IR/>  
 Representative person : Carlos Ghosn, President  
 Contact person : Kohki Sone, General manager,  
 Global Communications CSR and Investor Relations Division  
 Communications CSR Department  
 Tel. (03) 3543 - 5523  
 Date of the meeting of the Board of Directors for FY2005 semi-annual financial results : October 28, 2005  
 Provision for interim cash dividends : Provision exists.  
 Date of starting actual payment of interim cash dividends : November 25, 2005  
 Number of shares in unit share system : 100 shares

## 1. Results of FY2005 semi-annual period (April 1, 2005 through September 30, 2005)

<1> Results of non-consolidated operations (Amounts less than one million yen are omitted.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2005 1st half	1,903,358	9.9	143,411	14.4	117,461	7.5
FY2004 1st half	1,731,397	4.6	125,327	(16.3)	109,240	(22.7)
FY2004	3,718,720		231,764		203,711	

	Net income		Net income per share
	Millions of yen	%	Yen
FY2005 1st half	64,705	(12.5)	14.81
FY2004 1st half	73,964	(1.8)	16.82
FY2004	102,415		23.24

Note 1: Average number of shares issued and outstanding in each period

FY2005 1st half 4,370,024,378 shares  
 FY2004 1st half 4,396,920,708 shares  
 FY2004 4,390,851,313 shares

Note 2: Changes of accounting policies were made in FY05 1st half.

Note 3: Regarding net sales, operating income, ordinary income and net income, percent indications show percentage of changes from previous semi-annual period.

<2> Cash dividends

	Interim cash dividends per share	Annual cash dividends per share
	Yen	Yen
FY2005 1st half	14.00	—
FY2004 1st half	12.00	—
FY2004	—	24.00

<3> Non-consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity as a percentage of total assets	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2005 1st half	3,952,166	1,685,563	42.6	385.63
FY2004 1st half	3,961,075	1,730,943	43.7	393.66
FY2004	3,981,914	1,685,893	42.3	384.86

Note 1: Number of shares issued and outstanding at the end of each period

FY2005 1st half 4,370,960,055 shares  
 FY2004 1st half 4,397,096,831 shares  
 FY2004 4,379,479,539 shares

Note 2: Number of treasury stock at the end of each period

FY2005 1st half 149,755,057 shares  
 FY2004 1st half 123,618,281 shares  
 FY2004 141,235,573 shares

## 2. Non-consolidated forecast for FY2005 (April 1, 2005 through March 31, 2006)

	Net sales	Ordinary income	Net income	Cash dividends per share	
				final dividend	per share
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
FY2005	-	-	-	15.00	29.00

Reference : Forecast of net income per share (yen)

## 1. Products and Sales

### VEHICLE PRODUCTION

(FY2005 1st Half and FY2004 1st Half)

	FY2005 1st Half	FY2004 1st Half	Change (%)
(Units)			
Domestic	692,971	712,431	(2.7%)

### NON-CONSOLIDATED SALES BY PRODUCT LINE

(FY2005 1st Half and FY2004 1st Half)

	FY2005 1st Half	FY2004 1st Half	Change (%)
<b>Vehicle whole sales (Units)</b>			
<b>Total vehicle whole sales</b>	<b>747,931</b>	<b>746,835</b>	<b>0.1%</b>
Domestic	417,907	375,551	11.3%
Export	330,024	371,284	(11.1%)
<b>Passenger vehicles</b>	<b>607,742</b>	<b>603,157</b>	<b>0.8%</b>
Domestic	348,385	303,496	14.8%
Export	259,357	299,661	(13.4%)
<b>Commercial vehicles</b>	<b>140,189</b>	<b>143,678</b>	<b>(2.4%)</b>
Domestic	69,522	72,055	(3.5%)
Export	70,667	71,623	(1.3%)
<b>Net sales (millions of yen)</b>			
<b>Total net sales</b>	<b>1,903,358</b>	<b>1,731,397</b>	<b>9.9%</b>
Domestic	762,169	661,984	15.1%
Export	1,141,188	1,069,412	6.7%
<b>Vehicles</b>	<b>1,319,140</b>	<b>1,271,212</b>	<b>3.8%</b>
Domestic	653,633	562,133	16.3%
Export	665,507	709,078	(6.1%)
<b>Parts and components for overseas production</b>	<b>309,453</b>	<b>225,093</b>	<b>37.5%</b>
Domestic	-	-	-
Export	309,453	225,093	37.5%
<b>Automotive parts</b>	<b>143,812</b>	<b>133,328</b>	<b>7.9%</b>
Domestic	97,752	90,640	7.8%
Export	46,060	42,688	7.9%
<b>Other</b>	<b>108,030</b>	<b>81,160</b>	<b>33.1%</b>
Domestic	1,263	415	204.1%
Export	106,766	80,744	32.2%
<b>Sub total of automotive business:</b>	<b>1,880,436</b>	<b>1,710,794</b>	<b>9.9%</b>
Domestic	752,649	653,189	15.2%
Export	1,127,787	1,057,604	6.6%
<b>Forklifts equipment</b>	<b>22,921</b>	<b>20,603</b>	<b>11.3%</b>
Domestic	9,520	8,795	8.2%
Export	13,400	11,808	13.5%

Other automotive business consists of royalty income, and sales of equipment and tools for production.

## 2.Semi-Annual Non-Consolidated Financial Statements

### 1) Non-Consolidated Statements of Income

(1st half FY2005, 1st half FY2004 and FY2004)

[in millions of Yen, ( ) indicates loss or minus]

The following information has been prepared in accordance with accounting principles generally accepted in Japan.

	FY2005 1st Half	FY2004 1st Half	Change	FY2004
NET SALES	100% 1,903,358	100% 1,731,397	171,960	100% 3,718,720
COST OF SALES	1,555,788	1,421,388	134,399	3,072,398
Gross margin	18.3% 347,569	17.9% 310,008	37,560	17.4% 646,322
Selling, general and administrative expenses	204,157	184,681	19,476	414,557
OPERATING INCOME	7.5% 143,411	7.2% 125,327	18,084	6.2% 231,764
NON-OPERATING INCOME	6,909	4,813	2,095	8,827
Interest and dividend income	5,359	2,441	2,917	3,752
Other non-operating income	1,550	2,371	(821)	5,074
NON-OPERATING EXPENSES	32,859	20,900	11,959	36,880
Interest expense	5,215	6,561	(1,345)	12,264
Amortization of net retirement benefit obligation at transition	4,231	4,435	(204)	8,871
Foreign exchange loss	17,306	2,849	14,456	—
Other non-operating expenses	6,105	7,053	(947)	15,745
ORDINARY INCOME	6.2% 117,461	6.3% 109,240	8,221	5.5% 203,711
EXTRAORDINARY GAINS	7,288	17,870	(10,581)	40,318
Gains on sales of property, plant and equipment	836	1,068	(231)	22,905
Other extraordinary gains	6,452	16,802	(10,350)	17,412
EXTRAORDINARY LOSSES	36,968	36,246	721	91,985
Devaluation loss on investments and receivables	5,679	11,909	(6,230)	24,219
Impairment loss	10,047	—	10,047	—
Other extraordinary losses	21,240	24,337	(3,096)	67,765
INCOME BEFORE INCOME TAXES	4.6% 87,782	5.2% 90,864	(3,081)	4.1% 152,044
INCOME TAXES-CURRENT	43,743	40,274	3,468	57,215
INCOME TAXES-DEFERRED	(20,666)	(23,374)	2,708	(7,586)
NET INCOME	3.4% 64,705	4.3% 73,964	(9,258)	2.8% 102,415
RETAINED EARNINGS BROUGHT FORWARD FROM PREVIOUS YEAR	239,059	250,845	(11,786)	250,845
LOSS ON DISPOSAL OF TREASURY STOCK	4,984	2,072	2,912	4,700
INTERIM CASH DIVIDENDS	—	—	—	52,765
UNAPPROPRIATED RETAINED EARNINGS AT END OF PERIOD	298,779	322,737	(23,957)	295,795



2) Non-Consolidated Balance Sheets  
as of Sep 30, 2005, Mar 31, 2005 and Sep 30, 2004  
[in millions of Yen, () indicates loss or minus]

The following information has been prepared in accordance with accounting principles generally accepted in Japan.

	as of 9/30/05	as of 3/31/05	Change	as of 9/30/04
<b>[ASSETS]</b>				
<b>CURRENT ASSETS</b>	1,528,569	1,545,768	(17,199)	1,600,664
Cash on hand and in banks	73,062	74,425	(1,363)	91,799
Trade notes receivable	390	48	342	67
Trade accounts receivable	404,905	311,098	93,806	297,209
Finished products	84,180	70,553	13,627	78,071
Other inventories	70,892	56,198	14,693	58,113
Short-term loans receivable from subsidiaries & affiliates.	739,675	895,762	(156,086)	922,041
Other	183,968	168,397	15,570	177,278
Allowance for doubtful accounts	(28,506)	(30,716)	2,210	(23,917)
<b>FIXED ASSETS</b>	2,421,525	2,433,601	(12,075)	2,357,343
Property, plant & equipment	728,734	748,773	(20,038)	699,110
Buildings	165,820	159,596	6,224	152,302
Machinery & equipment	215,736	211,950	3,786	196,588
Land	133,927	144,289	(10,361)	148,259
Other	213,249	232,937	(19,687)	201,959
Intangible assets	43,328	45,546	(2,217)	40,483
Investments & other assets	1,649,462	1,639,281	10,181	1,617,749
Investment securities	19,043	19,388	(345)	14,356
Investments in stock of subsidiaries & affiliates.	1,490,629	1,486,014	4,614	1,443,380
Long-term loans receivable	1,509	1,855	(346)	2,007
Other	138,425	132,214	6,210	158,172
Allowance for doubtful accounts	(144)	(191)	47	(167)
<b>DEFERRED ASSETS</b>	2,071	2,544	(473)	3,067
Discounts on bonds	2,071	2,544	(473)	3,067
<b>TOTAL ASSETS</b>	<b>3,952,166</b>	<b>3,981,914</b>	<b>(29,748)</b>	<b>3,961,075</b>
<b>[LIABILITIES]</b>				
<b>CURRENT LIABILITIES</b>	1,582,518	1,529,709	52,808	1,413,425
Trade notes payable	580	121	459	236
Trade accounts payable	439,174	482,304	(43,129)	440,747
Short-term borrowings	261,320	272,036	(10,715)	188,005
Current portion of long-term borrowings	9,826	22,576	(12,750)	21,576
Commercial paper	316,000	110,000	206,000	118,000
Current maturities of bonds	145,000	205,800	(60,800)	281,800
Accrued expenses	207,542	226,874	(19,332)	165,913
Income taxes payable	41,382	24,349	17,032	30,304
Warrants	4,284	4,785	(500)	5,027
Accrued warranty costs	26,883	26,271	611	25,828
Lease obligation	36,394	38,877	(2,482)	27,715
Other	94,128	115,712	(21,583)	108,271
<b>LONG-TERM LIABILITIES</b>	684,084	766,311	(82,227)	816,705
Bonds	490,800	362,800	128,000	407,800
Long-term borrowings	86,028	87,566	(1,538)	95,854
Accrued warranty costs	44,251	43,676	574	40,397
Accrued retirement benefits	35,357	231,974	(196,617)	238,077
Lease obligation	26,626	38,785	(12,159)	32,748
Other	1,021	1,508	(487)	1,828
<b>TOTAL LIABILITIES</b>	<b>2,266,602</b>	<b>2,296,021</b>	<b>(29,418)</b>	<b>2,230,131</b>
<b>[SHAREHOLDERS' EQUITY]</b>				
<b>COMMON STOCK</b>	605,813	605,813	-	605,813
<b>CAPITAL SURPLUS</b>	804,470	804,470	-	804,470
Capital reserve	804,470	804,470	-	804,470
<b>RETAINED EARNINGS</b>	431,954	425,177	6,776	452,119
Legal reserve	53,838	53,838	-	53,838
General reserve	79,335	75,542	3,793	75,542
Unappropriated retained earnings	298,779	295,795	2,983	322,737
<b>UNREALIZED HOLDING GAIN ON SECURITIES</b>	6,875	5,108	1,766	4,165
<b>TREASURY STOCK</b>	(163,549)	(154,676)	(8,872)	(135,624)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,685,563</b>	<b>1,685,893</b>	<b>(329)</b>	<b>1,730,943</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>3,952,166</b>	<b>3,981,914</b>	<b>(29,748)</b>	<b>3,961,075</b>

### 3) Basis of Semi-Annual Non-Consolidated Financial Statements

#### **1.Valuation methods for assets**

(1) Valuation of inventories

Inventories are carried at the lower of cost or market, cost being determined by the first-in, first-out method.

(2) Valuation of securities

1) Held-to-maturity debt securities are stated at amortized cost based on the straight-line method.

2) Investments in stock of subsidiaries and affiliates are stated at cost determined by the moving average method.

3) Other securities

Marketable securities ..... Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Cost of securities sold is calculated by the moving average method.

Non-marketable securities ..... Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

(3) Accounting for derivative financial instruments

Derivative financial instruments are stated at fair value.

#### **2.Depreciation and amortization of fixed assets**

(1) Depreciation of property, plant and equipment is calculated by straight-line method based on their estimated useful lives and economic residual value determined by the Company.

(2) Amortization of intangible assets is calculated by the straight-line method.

#### **3.Basis for reserves and allowances**

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible bad debt at the amount estimated based on the historical experience of bad debts for normal receivables plus an estimate of uncollectible amounts determined by reference to the collectibility of individual doubtful receivables.

(2) Accrued warranty costs

Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.

(3) Accrued retirement benefits

Accrued retirement benefits are provided for the payment of retirement benefits at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at fiscal year end. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight line method.

Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

#### **4.Lease transactions**

Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.

#### **5.Hedge accounting method**

Hedge accounting

Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.

Hedging instruments and hedged items

Hedging instruments - Derivative transactions

Hedged items - Mainly forecasted sales denominated in foreign currencies.

Hedging policy

It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.

#### Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of forecasted sales are substantially same as those of forward exchange contracts.

#### Risk management policy with respect to hedge accounting

The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."

### **6. Consumption Tax**

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

### **7. Change of accounting method**

#### (Forward exchange contracts)

Until the year ended March 31, 2005, the Company adopted the special treatment for forward exchange contracts which were entered into to hedge forecasted sales denominated in foreign currencies and were also qualified for hedge accounting in the manner that related sales and accounts receivable were translated and reflected in the non-consolidated financial statements at their corresponding contracted rates. Effective April 1, 2005, the Company changed its accounting for those sales, accounts receivable and forward exchange contracts to the benchmark method under which sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and related accounts receivable are translated at exchange rates in effect at the balance sheet dates charging or crediting the exchange differences into income, while the forward exchange contracts are carried at the market fair value.

This change was made, as a result of the implementation of newly modified internal operating system regarding forward exchange contracts, to achieve a better presentation of gain or loss related to derivative transactions.

The effect of this change was to increase net sales and operating income by 16,478 million yen and to increase ordinary income and income before income taxes by 930 million yen for the six months ended September 30, 2005 compared with the corresponding amounts which would have been recorded under the previous method.

#### (Accounting Standard for Impairment of Fixed Assets)

Effective April 1, 2005, the Company has adopted the accounting standard for impairment of fixed assets ("Opinion Concerning the Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guideline on the Accounting Standard for Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003).

The effect of this change was to decrease income before income taxes by 10,047 million yen for the six month period ended September 30, 2005.

Cumulative impairment losses have been directly subtracted from respective assets in accordance with revised Regulations for Semi-annual Non-Consolidated Financial Statements.

#### 4) Notes to Semi-Annual Non-Consolidated Financial Statements

**1. Accumulated depreciation of property, plant and equipment:** Yen 1,294,898 million.

(The above amount includes accumulated depreciation of leased assets: Yen 88,463 million.)

**2. As endorser of documentary export bills discounted with banks:** Yen 3,621 million

**3. Guarantees and other items:** ( ) refers to those relating to subsidiaries

Guarantees total yen 347,973 million ( yen 152,707 million),

The above included employee's residence mortgages which is insured in full of yen 169,684 million and mortgages with pledge of yen 25,500 million .

Guarantees of yen 87,074 million related to the construction of Canton Plant are also included in those relating to subsidiaries.

Commitments to provide guarantees total yen 1,330 million.

Letters of awareness and others total yen 1,512 million ( yen 1,512 million)

The Company entered into Keepwell Agreements with certain subsidiaries to support their credibility. Liabilities of such subsidiaries totaled yen 3,105,344 million

**4. Depreciation**

Property, plant, and equipment: Yen 49,979 million

(The above amount includes depreciation of leased assets: Yen 21,564 million.)

Intangible assets: Yen 7,510 million

**5. Impairment losses**

<u>Usage of assets</u>	<u>Asset category</u>	<u>Location</u>	<u>Millions of yen</u>
Idle property	Land	Izunokuni-shi, Shizuoka and other 1 item.	10,047

**6. Fair value information on securities issued by subsidiaries and affiliates**

(millions of yen)

	as of Sept 30, 2005			as of Sept 30, 2004			as of Mar 31, 2005		
	Carrying Value	fair value	differences	Carrying Value	fair value	differences	Carrying Value	fair value	differences
Subsidiaries	91,267	201,620	110,353	10,981	56,683	45,701	91,267	191,260	99,993
Affiliates	5,815	37,911	32,096	11,435	68,118	56,682	5,815	31,791	25,976
Total	97,082	239,531	142,449	22,417	124,801	102,384	97,082	223,052	125,970

**7. Lease Transactions**

Disclosed by EDINET.