

# Half-Year Report

April 1 to September 30, 2005

# 2005

**NISSAN MOTOR CO., LTD.**

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## Letter from Management

At the end of September 2005, we declared the revival of Nissan complete. By delivering the last and most challenging commitment of the NISSAN 180 plan—that of delivering 1 million additional sales compared to the fiscal year 2001 level—Nissan has overachieved every single commitment made public since we announced the Nissan Revival Plan in October 1999.

In April 2005, we started the NISSAN Value-Up business plan, which aims our company toward long-term, sustainable, profitable growth. Our three commitments under NISSAN Value-Up include achieving 4.2 million units in 2008, a top level of operating profit margin in the industry and 20% on average return on invested capital.

For the first six months of fiscal year 2005, we are off to a good start. Our revenue is up 12.1%, and our operating profit rose to 411.5 billion yen. Our consolidated operating profit margin came to 9.2%, which remains at the top level among global automakers. Global sales totaled 1,834,000 units, an increase of 15.0%.

For the final six months of this fiscal year, the headwinds facing our industry will continue to be severe, but Nissan will continue to move forward. Amid the obstacles are opportunities, and we are pursuing them. We are on track, we are creating value, and we still have more performance to deliver.

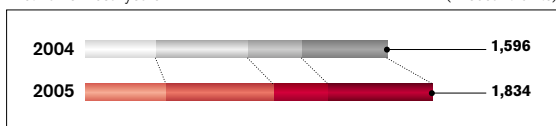
A handwritten signature in black ink, appearing to read 'Carlos Ghosn', with a long horizontal flourish underneath.

Carlos Ghosn  
President and CEO

## Facts and Figures

### Half-year global retail sales volume

First half of fiscal years (Thousand units)

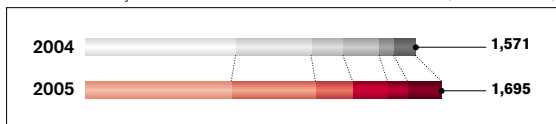


Japan US Europe Others

First half of fiscal years	2005	2004
<b>Global retail</b> (Note1,2)		Thousand units
Japan	421	368
US	571	489
Europe	287	285
Others	555	454
<b>Total</b>	<b>1,834</b>	<b>1,596</b>

### Half-year global vehicle production volume

First half of fiscal years (Thousand units)



Japan US Mexico UK Spain Others

First half of fiscal years	2005	2004
<b>Global production</b> (Note2)		Thousand units
Japan	693	712
US	400	361
Mexico	177	151
UK	166	172
Spain	97	69
Others (Note3)	162	106
<b>Total</b>	<b>1,695</b>	<b>1,571</b>

Notes: 1. Global retail sales includes sales of vehicles locally assembled with knock down parts.

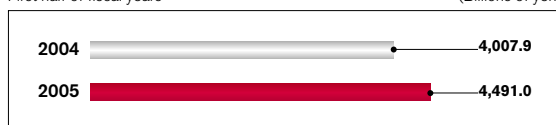
2. Europe, Mexico and parts of others are results of January to June.

3. Others include production in Taiwan, Thailand, Philippines, South Africa, Indonesia and China.

## Half-year consolidated net sales

First half of fiscal years

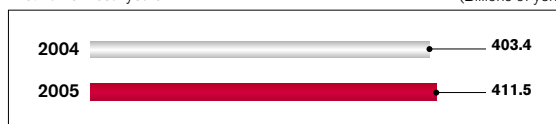
(Billions of yen)



## Half-year consolidated operating income

First half of fiscal years

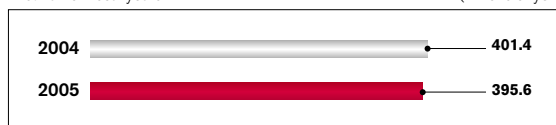
(Billions of yen)



## Half-year consolidated ordinary income

First half of fiscal years

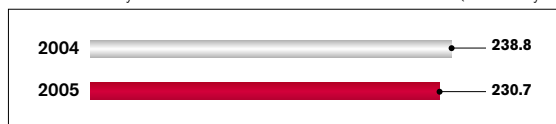
(Billions of yen)



## Half-year consolidated net income

First half of fiscal years

(Billions of yen)



# First Half of Fiscal Year 2005 Business Review

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.

For the first six months of fiscal year 2005, Nissan's sales in all regions totaled 1,834,000 units, an increase of 15.0% 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.



Otti



Infiniti M

## Japan

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 15.0%, 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 37.3%, primarily due to the introduction of the Otti.



Tiida

## United States

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.



Altima

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



Pathfinder

sales also continued to grow, rising 9.7% over fiscal year 2004's record level.

## Europe

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.



Murano

## General Overseas Markets

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



Tiida

units. In China, Nissan unit sales increased from 2004 by 66.7% 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 39.6% 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.



Oman dealership



## First half financial results

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%.

Regional profits were modified by a global change of inter-company payments effective since October 2004 favoring Japan, which bears most of our engineering and global development costs.

Profits from Japan amounted to 199.4 billion yen compared to last year's 162.4 billion yen.

In the United States and Canada, profitability was 152.1 billion yen compared to 169.5 billion yen last year.

Europe's operating profit level came to 18.2 billion yen compared to 19.3 billion yen in 2004.

In the General Overseas Markets, including Mexico, the contribution to total profits was 46.2 billion yen from 52.1 billion yen in 2004.

Net income after tax totaled 230.7 billion yen, which was a 3.4% decrease from the prior year of 238.8 billion yen. This was primarily due to Nissan's compliance with new Japanese accounting standards related to the impairment of assets.

Nissan will pay an interim dividend of 14 yen per share in November.

## Outlook

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.

## **Conclusion**

The lessons of the revival are still fresh and relevant to our future, and the speed, focus and intensity that have characterized Nissan over the past six years will be tested in the current environment.

2005 has been a quiet product year for us in the U.S. and Canada, an active year in Europe and General Overseas Market with the launch of globally existing products, and continues to be a busy year in Japan with five all-new products. Overall, 2005 will not be the most active product year in Nissan, but this is not the pattern for NISSAN Value-Up. The pace of new model introductions increases from next year with 10 new models coming in 2006 and 12 in 2007. Not only is Nissan replacing first-generation products, but also entering new markets and segments during this period.

Nissan is not holding back. Amid the obstacles are opportunities, and the company is pursuing them. Under NISSAN Value-Up, there are three commitments: 4.2 million units in 2008, top level of operating margin in the industry, and 20% on average return on invested capital. The company is on track, and you can continue to expect the best from Nissan.

## Financial Section

### Consolidated Balance Sheets

(As of September 30, 2005)

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

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

	Amount
ASSETS	
<b>Current assets</b>	<b>5,572,678</b>
Cash on hand and in banks	265,452
Notes & accounts receivable	575,562
Sales finance receivables	3,211,048
Marketable securities	22,081
Inventories	853,567
Deferred tax assets	302,667
Other current assets	342,301
<b>Fixed assets</b>	<b>5,026,618</b>
Property, plant and equipment	4,091,253
Intangible assets	174,016
Investment securities	358,229
Long-term loans receivable	19,658
Deferred tax assets	153,547
Other fixed assets	229,915
<b>Deferred assets</b>	<b>779</b>
<b>Total assets</b>	<b>10,600,075</b>
LIABILITIES	
<b>Current liabilities</b>	<b>4,403,894</b>
Notes & accounts payable	963,671
Short-term borrowings	2,273,861
Deferred tax liabilities	3,131
Accrued warranty costs	71,329
Leasing obligation	61,160
Other current liabilities	1,030,742
<b>Long-term liabilities</b>	<b>3,209,026</b>
Bonds and debentures	612,434
Long-term borrowings	1,524,522
Deferred tax liabilities	462,563
Accrued warranty costs	123,582
Accrued retirement benefits	282,249
Leasing obligation	78,134
Other long-term liabilities	125,542
<b>Total liabilities</b>	<b>7,612,920</b>
MINORITY INTERESTS	
<b>Minority interests in consolidated subsidiaries</b>	<b>274,268</b>
SHAREHOLDERS' EQUITY	
<b>Common stock</b>	<b>605,814</b>
<b>Capital surplus</b>	<b>804,470</b>
<b>Retained earnings</b>	<b>1,884,661</b>
<b>Unrealized holding gain on securities</b>	<b>9,255</b>
<b>Translation adjustments</b>	<b>(315,843)</b>
<b>Treasury stock</b>	<b>(275,470)</b>
<b>Total shareholders' equity</b>	<b>2,712,887</b>
<b>Total liabilities, minority interests &amp; shareholders' equity</b>	<b>10,600,075</b>

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

## Consolidated Statements of Income

(For the 1st half of FY2005)

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

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

	Amount
<b>Net sales</b>	<b>4,490,975</b>
Cost of sales	3,355,763
Gross profit	1,135,212
Selling, general and administrative expenses	723,674
<b>Operating income</b>	<b>411,538</b>
Non-operating income	36,903
Interest and dividend income	12,070
Equity in earnings of unconsolidated subsidiaries & affiliates	16,667
Other non-operating income	8,166
Non-operating expenses	52,802
Interest expense	12,752
Amortization of net retirement benefit obligation at transition	5,669
Foreign exchange loss	23,209
Other non-operating expenses	11,172
<b>Ordinary income</b>	<b>395,639</b>
Extraordinary gains	25,962
Extraordinary losses	54,160
<b>Income before income taxes and minority interests</b>	<b>367,441</b>
Income taxes current	145,762
Income taxes deferred	(28,596)
Minority interests	19,573
<b>Net income</b>	<b>230,702</b>

## Consolidated Statements of Cash Flows

(For the 1st half of FY2005)

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

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

	Amount
<b>Operating activities</b>	
Income before income taxes and minority interests	367,441
Depreciation and amortization	310,464
Impairment loss	23,058
Provision for doubtful receivables	8,753
Interest and dividend income	(12,070)
Interest expense	48,184
Gain on sales of property, plant and equipment	(2,766)
Loss on disposal of fixed assets	10,575
Gain on sales of investment securities	(9,885)
Increase in trade receivables	(24,381)
Increase in sales finance receivables	(47,333)
Increase in inventories	(137,731)
Decrease in trade payables	(21,184)
Amortization of net retirement benefit obligation at transition	5,669
Retirement benefit expenses	30,195
Payments related to retirement benefits	(265,811)
Other	26,793
<b>Sub-total</b>	<b>309,971</b>
Interest and dividends received	11,876
Interest paid	(47,306)
Income taxes paid	(97,271)
<b>Total</b>	<b>177,270</b>
<b>Investing activities</b>	
Increase in short-term investments	(5,198)
Purchases of fixed assets	(223,198)
Proceeds from sales of property, plant and equipment	25,794
Purchases of leased vehicles	(501,671)
Proceeds from sales of leased vehicles	120,290
Long-term loans made	(2,405)
Collection of long-term loans receivable	935
Purchases of investment securities	(10,454)
Proceeds from sales of investment securities	17,992
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	3,784
Other	(17,086)
<b>Total</b>	<b>(591,217)</b>
<b>Financing activities</b>	
Increase in short-term borrowings	286,610
Increase in long-term borrowings	464,392
Increase in bonds and debentures	277,386
Repayment or redemption of long-term debt	(545,515)
Proceeds from minority shareholders	1,250
Purchases of treasury stock	(22,176)
Proceeds from sales of treasury stock	7,818
Repayment of lease obligation	(39,711)
Cash dividends paid	(48,947)
Cash dividends paid to minority shareholders	(1,612)
Other	282
<b>Total</b>	<b>379,777</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(466)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(34,636)</b>
<b>Cash and cash equivalent at beginning of the period</b>	<b>289,784</b>
<b>Increase due to inclusion in consolidation</b>	<b>3</b>
<b>Cash and cash equivalent at end of the period</b>	<b>255,151</b>

## Non-Consolidated Balance Sheets

(As of September 30, 2005)

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

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

	Amount
ASSETS	
<b>Current assets</b>	<b>1,528,569</b>
Cash on hand and in banks	73,062
Trade notes receivable	390
Trade accounts receivable	404,905
Finished products	84,180
Other inventories	70,892
Short-term loans receivable from subsidiaries & affiliates	739,675
Other	183,968
Allowance for doubtful accounts	(28,506)
<b>Fixed assets</b>	<b>2,421,525</b>
<b>Property, plant &amp; equipment</b>	<b>728,734</b>
Buildings	165,820
Machinery & equipment	215,736
Land	133,927
Other	213,249
<b>Intangible assets</b>	<b>43,328</b>
<b>Investments &amp; other assets</b>	<b>1,649,462</b>
Investment securities	19,043
Investments in stock of subsidiaries & affiliates	1,490,629
Long-term loans receivable	1,509
Other	138,425
Allowance for doubtful accounts	(144)
<b>Deferred assets</b>	<b>2,071</b>
Discounts on bonds	2,071
<b>Total assets</b>	<b>3,952,166</b>

	Amount
LIABILITIES	
<b>Current liabilities</b>	<b>1,582,518</b>
Trade notes payable	580
Trade accounts payable	439,174
Short-term borrowings	261,320
Current portion of long-term borrowings	9,826
Commercial paper	316,000
Current maturities of bonds	145,000
Accrued expenses	207,542
Income taxes payable	41,382
Warrants	4,284
Accrued warranty costs	26,883
Lease obligation	36,394
Other	94,128
<b>Long-term liabilities</b>	<b>684,084</b>
Bonds	490,800
Long-term borrowings	86,028
Accrued warranty costs	44,251
Accrued retirement benefits	35,357
Lease obligation	26,626
Other	1,021
<b>Total liabilities</b>	<b>2,266,602</b>
SHAREHOLDERS' EQUITY	
<b>Common stock</b>	<b>605,813</b>
<b>Capital surplus</b>	<b>804,470</b>
Capital reserve	804,470
<b>Retained earnings</b>	<b>431,954</b>
Legal reserve	53,838
General reserve	79,335
Unappropriated retained earnings	298,779
<b>Unrealized holding gain on securities</b>	<b>6,875</b>
<b>Treasury stock</b>	<b>(163,549)</b>
<b>Total shareholders' equity</b>	<b>1,685,563</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>3,952,166</b>

## Non-Consolidated Statements of Income

(For the 1st half of FY2005)

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

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

	Amount
<b>Net sales</b>	<b>1,903,358</b>
Cost of sales	1,555,788
Gross margin	347,569
Selling, general and administrative expenses	204,157
<b>Operating income</b>	<b>143,411</b>
Non-operating income	6,909
Interest and dividend income	5,359
Other non-operating income	1,550
Non-operating expenses	32,859
Interest expense	5,215
Amortization of net retirement benefit obligation at transition	4,231
Foreign exchange loss	17,306
Other non-operating expenses	6,105
<b>Ordinary income</b>	<b>117,461</b>
Extraordinary gains	7,288
Extraordinary losses	36,968
<b>Income before income taxes</b>	<b>87,782</b>
Income taxes-current	43,743
Income taxes-deferred	(20,666)
<b>Net income</b>	<b>64,705</b>
Retained earnings brought forward from previous year	239,059
Loss on disposal of treasury stock	4,984
<b>Unappropriated retained earnings at end of period</b>	<b>298,779</b>

### Notice of the resolution concerning payment of interim dividends in fiscal year 2005 by the Board of Directors

We resolved concerning payment of interim dividends in fiscal year 2005 by the Board of Directors held on October 28, 2005, as follows:

According to the Article 33 of the incorporation, the Company will pay the interim dividends as following to the shareholders whose names are entered or recorded, by paper-base documents or digital processes, in the final register of shareholders or of beneficial shareholders as of Sept. 30, 2005.

The interim dividends is the distributions of money pursuant to the provisions of Article 293-5 of the Commercial Code.

- The amount of the interim dividends  
Common Dividends 14 yen per share
- The date when the right of claim to pay comes into effect and the date when the payment starts  
November 25, 2005



## Board of Directors and Statutory Auditors

Officer	Responsibilities
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### Representative Board Members

<b>Carlos Ghosn</b> President and Co-Chairman	North American Operations, Global Communications, CSR and IR, Global Internal Audit
<b>Itaru Koeda</b> Co-Chairman	Administration for Affiliated Companies, External and Government Affairs, Intellectual Asset Management, Industrial Machinery, Marine
<b>Toshiyuki Shiga</b>	Japan Operations, GOM Operations, China Operations, Global Marketing and Sales, Global Aftersales and Conversion Business, Corporate Quality Assurance and Customer Service, Human Resources, Treasury

### Board Members

<b>Tadao Takahashi</b>	Manufacturing, Supply Chain Management, Global IS
<b>Hiroto Saikawa</b>	European Operations, Purchasing
<b>Mitsuhiko Yamashita</b>	Rescach, Technology and Engineering Development, Cost Engineering
<b>Carlos Tavares</b>	Design, Corporate Planning, Product Planning, Market Intelligence, LCV Business
<b>Shemaya Levy</b>	
<b>Patrick Pelata</b>	

### Statutory Auditors

<b>Hisayoshi Kojima</b>	Full time
<b>Shinji Ichishima</b>	Full time
<b>Keishi Imamura</b>	Full time
<b>Haruo Murakami</b>	

## Corporate Data

### NISSAN MOTOR CO., LTD.

#### Registered Head Office

No.2, Takara-cho, Kanagawa-ku, Yokohama-shi,  
Kanagawa 220-8623 Japan

#### Date of Establishment

December 26, 1933

#### Paid-in Capital

605,813 million yen

#### Common Stock

Issued and outstanding: 4,520,715,112 shares

#### Number of Shareholders

195,413

#### Number of Employees worldwide

184,859 (Consolidated Basis)

#### End of Fiscal year

March 31\*

\* In Europe, Mexico, and South Africa, the fiscal year ends on  
December 31.

#### General Shareholders' Meeting

June

#### Securities Traded

- Tokyo Stock Exchange (7201 T)
- NASDAQ: (One American Depositary Receipt represents  
two shares underlying stock) (NSANY)

#### Transfer Agent and Registrar for Common Stock

The Chuo Mitsui Trust & Banking Co., Ltd.  
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574 Japan

#### Depository and Transfer Agent for American Depositary Receipts

JPMorgan Chase Bank  
ADR Department  
270 Park Avenue,  
New York, NY 10017-2070, U.S.A.

#### Auditor

Shin Nihon & Co.

**For Further Information, please contact**

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Parc de Pissaloup 13,

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Main 33(0)1 30 13 66 66

**Corporate Information Website**

<http://www.nissan-global.com/EN/HOME/>

Investor Relations

<http://www.nissan-global.com/EN/IR/>

**NISSAN**  
MOTOR COMPANY