

Financial Information as of March 31, 2018

(The English translation of the
“Yukashoken-Houkokusho” for
the year ended March 31, 2018)

Nissan Motor Co., Ltd.

Table of Contents

	Page
Cover	1
Part I Information on the Company	2
1. Overview of the Company	2
1. Key financial data and trends.....	2
2. History	4
3. Description of business	6
4. Information on subsidiaries and affiliates	7
5. Employees.....	13
2. Business Overview	14
1. Management policy, management environment, and issues to be tackled, etc.	14
2. Business and other risks.....	14
3. Analysis of financial position, operating results and cash flows by management	19
4. Important business contracts.....	24
5. Research and development activities	25
3. Equipment and Facilities	27
1. Overview of capital expenditures	27
2. Major equipment and facilities	27
3. Plans for new additions or disposals	28
4. Corporate Information	29
1. Information on the Company's shares	29
2. Acquisition of treasury stock	34
3. Dividend policy	35
4. Changes in the market price of the Company's shares	35
5. Members of the Board of Directors and Statutory Auditors	36
6. Corporate governance	39
5. Financial Information	48
1. Consolidated Financial Statements	49
2. Non-Consolidated Financial Statements	103
6. Information on Transfer and Repurchase of the Company's Stock	118
7. Reference Information on the Company	119
1. Information on the parent company or equivalent of the Company.....	119
2. Other reference information.....	119
Part II Information on Guarantors for the Company	120
Independent Auditor's Report	121
Internal Control Report	
Confirmation Note	

【Cover】	
【Document Submitted】	Securities Report (“Yukashoken-Houkokusho”)
【Article of the Applicable Law Requiring Submission of This Document】	Article 24, Paragraph 1 of the Financial Instruments and Exchange Law
【Filed to】	Director, Kanto Local Finance Bureau
【Date of Submission】	June 28, 2018
【Business Year】	119th Fiscal Year (From April 1, 2017 To March 31, 2018)
【Company Name】	Nissan Jidosha Kabushiki-Kaisha
【Company Name (in English)】	Nissan Motor Co., Ltd.
【Position and Name of Representative】	Hiroto Saikawa, President
【Location of Head Office】	2, Takaracho, Kanagawa-ku, Yokohama-shi, Kanagawa
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【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo

Part I Information on the Company

1. Overview of the Company

1. Key financial data and trends

(1) Consolidated financial data

Fiscal year		115th	116th	117th	118th	119th
Year ended		March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Net sales	Millions of yen	10,482,520	11,375,207	12,189,519	11,720,041	11,951,169
Ordinary income	Millions of yen	527,189	694,232	862,272	864,733	750,302
Net income attributable to owners of parent	Millions of yen	389,034	457,574	523,841	663,499	746,892
Comprehensive income	Millions of yen	796,533	719,903	75,107	615,950	740,338
Net assets	Millions of yen	4,671,528	5,247,262	5,140,745	5,167,136	5,688,735
Total assets	Millions of yen	14,703,403	17,045,659	17,373,643	18,421,008	18,746,901
Net assets per share	Yen	1,035.06	1,152.83	1,132.61	1,242.90	1,377.05
Basic earnings per share	Yen	92.82	109.15	125.00	165.94	190.96
Diluted earnings per share	Yen	92.82	109.14	124.99	165.94	190.96
Net assets as a percentage of total assets	%	29.5	28.4	27.2	26.4	28.7
Rate of return on equity	%	9.6	10.0	11.0	13.8	14.6
Price earnings ratio	Times	9.91	11.21	8.33	6.47	5.78
Cash flows from operating activities	Millions of yen	728,123	692,747	927,013	1,335,473	1,071,250
Cash flows from investing activities	Millions of yen	(1,080,416)	(1,022,025)	(1,229,280)	(1,377,626)	(1,147,719)
Cash flows from financing activities	Millions of yen	396,925	245,896	530,606	320,610	36,810
Cash and cash equivalents at end of the period	Millions of yen	832,716	802,612	992,095	1,241,124	1,206,000
Employees	Number	142,925	149,388	152,421	137,250	138,910
() represents the average number of part-time employees not included in the above numbers		(21,750)	(20,381)	(19,007)	(19,366)	(19,924)
		147,939	151,710	154,700	138,917	140,603
		(22,642)	(20,748)	(19,343)	(19,716)	(20,290)

Notes: 1. Net sales are presented exclusive of consumption tax.

2. Staff numbers, which are presented as the lower numbers in the "Employees" line, include those of unconsolidated subsidiaries accounted for by the equity method as reference data.

(2) Non-consolidated financial data

Fiscal year		115th	116th	117th	118th	119th
Year ended		March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Net sales	Millions of yen	3,737,844	3,516,415	3,493,419	3,729,335	3,750,617
Ordinary income	Millions of yen	457,281	540,154	388,799	551,995	197,958
Net income	Millions of yen	425,494	491,570	251,009	585,951	129,044
Common stock	Millions of yen	605,813	605,813	605,813	605,813	605,813
Number of shares issued	Thousands	4,520,715	4,520,715	4,494,715	4,220,715	4,220,715
Net assets	Millions of yen	2,144,281	2,472,951	2,490,984	2,600,382	2,527,453
Total assets	Millions of yen	4,726,430	4,993,336	4,961,612	5,138,385	5,057,592
Net assets per share	Yen	477.04	550.20	557.81	620.39	602.86
Cash dividends per share (Interim cash dividends included herein)	Yen (Yen)	30 (15)	33 (16.5)	42 (21)	48 (24)	53 (26.5)
Basic earnings per share	Yen	94.77	109.48	55.92	136.80	30.79
Diluted earnings per share	Yen	94.77	109.48	55.92	136.79	30.79
Net assets as a percentage of total assets	%	45.3	49.5	50.2	50.6	50.0
Rate of return on equity	%	21.7	21.3	10.1	23.0	5.0
Price earnings ratio	Times	9.71	11.18	18.62	7.85	35.86
Cash dividends as a percentage of net income	%	31.66	30.14	75.11	35.09	172.14
Employees () represents the average number of part-time employees not included in the above numbers	Number	23,085 (2,858)	22,614 (2,704)	22,471 (3,068)	22,209 (4,398)	22,272 (5,239)

Note: Net sales are presented exclusive of consumption tax.

2. History

December 1933	Jidosha Seizo Co., Ltd., predecessor of Nissan Motor Co., Ltd. was established with invested capital of ¥10 million in Takaracho, Kanagawa-ku, Yokohama-shi, through the joint capital investment of Nippon Sangyo K.K. and Tobata Imono K.K.
May 1934	Construction of the Yokohama Plant was completed.
June 1934	The Company changed its name to Nissan Motor Co., Ltd.
April 1935	First vehicle was manufactured off the production line through the integrated production at the Yokohama Plant.
August 1943	Construction of the Fuji Plant (formerly the Yoshiwara Plant) was completed.
September 1944	The head office was moved to Nihonbashi, Tokyo, and the Company changed its name to Nissan Heavy Industries, Ltd.
January 1946	The headquarters moved to Takaracho, Kanagawa-ku, Yokohama-shi.
August 1949	The Company changed its name to Nissan Motor Co., Ltd.
January 1951	The Company's stock was listed on the Tokyo Stock Exchange.
May 1951	The Company acquired an interest in Shin-Nikkoku Kogyo Co., Ltd. (currently Nissan Shatai Co., Ltd.; a consolidated subsidiary).
May 1958	Exportation of passenger cars to the United States of America was commenced.
September 1960	Nissan Motor Corporation in U.S.A. was established.
September 1961	Nissan Mexicana, S.A. de C.V. (currently a consolidated subsidiary), a joint venture with Marubeni-Iida Co., Ltd. (currently Marubeni Corporation) was established in Mexico City, Mexico.
March 1962	Construction of the Oppama Plant was completed.
March 1965	The Company acquired an interest in Aichi Machine Industry Co., Ltd. (currently a consolidated subsidiary).
May 1965	Construction of the Zama Plant was completed.
August 1966	The Company merged Prince Motor Company and, accordingly, the Murayama Plant and others became a part of the Company.
July 1967	Construction of the Honmoku Wharf (a base for exporting) was completed.
January 1968	The headquarters moved to the Company's new building in the Ginza area of Tokyo.
March 1971	Construction of the Tochigi Plant was completed.
October 1973	Construction of the Sagami-hara Parts Center was completed.
June 1977	Construction of the Kyushu Plant was completed.
January 1980	The Company acquired an interest in Motor Iberica, S.A. (currently Nissan Motor Iberica, S.A.; a consolidated subsidiary) in Spain.
July 1980	Nissan Motor Manufacturing Corporation U.S.A. was established.
November 1981	The Nissan Technical Center was completed.
November 1981	Nissan Motor Acceptance Corporation (currently a consolidated subsidiary) was established.
November 1982	Construction of the Aguascalientes plant of Nissan Mexicana, S.A. de C.V. was completed.
February 1984	Nissan Motor Manufacturing (UK) Ltd. (currently a consolidated subsidiary) was established.
November 1984	Construction of the Oppama Wharf was completed.
April 1989	Nissan Europe N. V. was established in the Netherlands.
January 1990	Former Nissan North America, Inc. was established in the United States of America.
May 1991	Construction of Kanda Wharf was completed.
January 1994	Construction of the Iwaki Plant was completed.
April 1994	The business in the North America region was reorganized and Nissan North America, Inc. (currently a consolidated subsidiary) was newly established.
October 1994	The Company established Nissan Middle East F.Z.E. (currently a consolidated subsidiary), a regional headquarter in Middle East.
March 1995	Production of vehicles was discontinued at the Zama Plant.

December 1998	Nissan North America, Inc. merged with Nissan Motor Corporation in U.S.A.
March 1999	The Company and Renault (currently an affiliate accounted for by the equity method) signed an agreement for a global alliance in automobile business, including equity participation.
July 1999	The Company sold its business related to the Fuji Plant to TransTechnology Ltd., which merged with JATCO Co., Ltd. into JATCO TransTechnology (currently JATCO Ltd., a consolidated subsidiary).
April 2000	Nissan North America, Inc. merged with Nissan Motor Manufacturing Corporation U.S.A.
March 2001	Production of vehicles was discontinued at the Murayama Plant.
March 2002	Renault increased its stake in the Company to 44.4%.
March 2002	The Company acquired an interest in Renault through Nissan Finance Co., Ltd. (currently a consolidated subsidiary).
March 2002	The Company established Renault Nissan BV, a management organization with Renault.
August 2002	Nissan Europe S.A.S. (currently Nissan Automotive Europe; a consolidated subsidiary) was established to reorganize business in Europe.
March 2003	The Company liquidated Nissan Europe N.V.
May 2003	Nissan North America, Inc. established a new plant in Canton, Mississippi.
July 2003	Dongfeng Motor Co., Ltd. (currently an affiliate accounted for by the equity method) commenced its operations in China.
April 2004	The Company made Siam Nissan Automobile (currently Nissan Motor (Thailand) Co., Ltd., a consolidated subsidiary) into a subsidiary through underwriting of third party allocation of new shares.
May 2004	A plant of Dongfeng Motor Co., Ltd., was completed in Huadu, China.
January 2005	The Company made Calsonic Kansei Corporation into a subsidiary through underwriting of third party allocation of new shares.
December 2007	Renault Nissan Automotive India Private Limited (currently a consolidated subsidiary) was established.
January 2008	Nissan International SA (currently a consolidated subsidiary) began managing sales and manufacturing operations in Europe.
August 2009	The Global Headquarters moved to Yokohama.
April 2010	The Company entered into an agreement with Renault and Daimler AG on a strategic cooperative relationship including equity participation.
July 2011	The Company established Nissan Motor Asia Pacific Co., Ltd. (currently a consolidated subsidiary), a regional headquarter in ASEAN.
August 2011	Nissan Motor Kyushu Co., Ltd. (currently a consolidated subsidiary) was incorporated from the Kyushu Plant of the Company as its parent organization.
November 2013	Construction of the second plant of Nissan Mexicana, S.A. de C.V. (currently a consolidated subsidiary), was completed in Aguascalientes, Mexico.
April 2014	Construction of a plant of Nissan Do Brasil Automóveis Ltda. (currently a consolidated subsidiary) was completed in Resende, Brazil.
May 2014	Construction of the second plant of PT. Nissan Motor Indonesia (currently a consolidated subsidiary) was completed in Purwakarta, Indonesia.
May 2016	The Company entered into an agreement with Mitsubishi Motors Corporation on a strategic cooperative relationship including equity participation.
October 2016	The Company acquired an interest in Mitsubishi Motors Corporation (currently an affiliate accounted for by the equity method) through underwriting of third-party allocation of new shares.
March 2017	The tender offer for the shares of Calsonic Kansei Corporation came into effect and all Calsonic Kansei Corporation's shares held by the Company were sold to CK Holdings Co., Ltd.
June 2017	The Company established Nissan-Mitsubishi B.V., a joint venture company with Mitsubishi Motors Corporation.

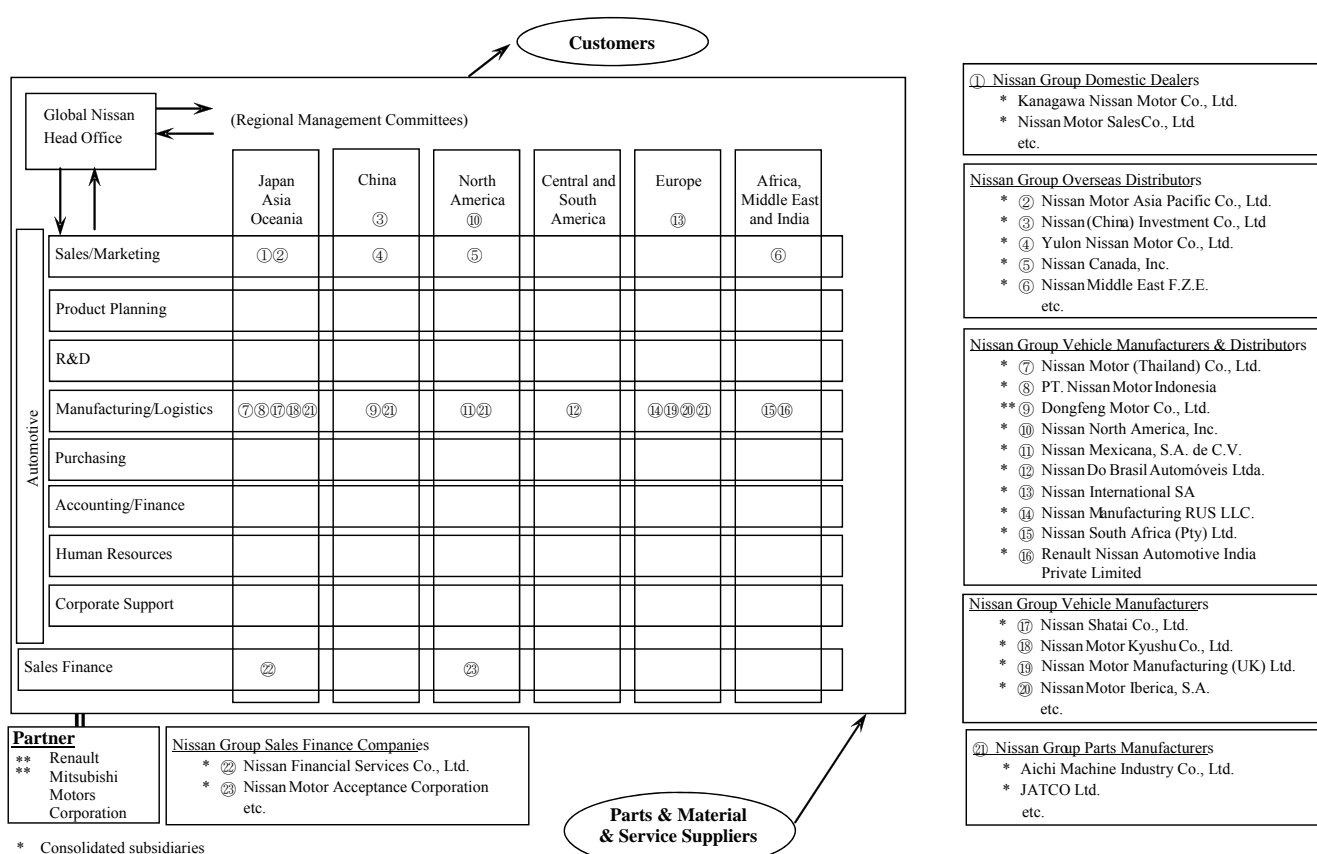
3. Description of business

The Nissan Group (the “Group” or “Nissan”) consists of the Company, subsidiaries, affiliates, and other associated companies. Its main businesses include manufacturing and sales of vehicles and automotive parts. In addition, the Group provides sales finance services to support sales activities of the above businesses.

The Group has established the Global Nissan Head Office to function as its global headquarters. It decides group resource allocation to the above respective businesses and manages their business operations group-wide. Also it operates the Global Nissan Group through six Regional Management Committees and handles cross-regional matters such as research & development, purchasing, manufacturing, and so forth.

The Group’s structure is summarized as follows:

Global Nissan Group



* Consolidated subsidiaries

** Companies accounted for by the equity method

- In addition to the above companies, *Nissan Trading Co., Ltd., *Nissan Network Holdings Co., Ltd. and others are included in the Group.
- The Group’s consolidated subsidiary listed on the domestic stock exchanges among above mentioned is as follows:
Nissan Shatai Co., Ltd. – Tokyo

4. Information on subsidiaries and affiliates

(1) Consolidated subsidiaries

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Concurrent positions/offices held by directors			Relationship with NML		
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched	Loans	Business transactions	Leasing of fixed assets
# ☆ Nissan Shatai Co., Ltd.	Hiratsuka-shi, Kanagawa	7,905	Manufacturing and selling automobiles and parts	50.01	(0.01)	3	—	—	None	Manufacturing products on behalf of NML	Mutually leasing land and buildings with NML
Nissan Motor Kyushu Co., Ltd.	Kanda-machi, Miyako-gun, Fukuoka	10	Entrusted manufacturing automobiles and parts	100.00	—	1	2	3	None	Manufacturing products on behalf of NML	Leasing of land, buildings and production facilities etc. owned by NML
Aichi Machine Industry Co., Ltd.	Atsuta-ku, Nagoya-shi	8,518	Manufacturing and selling automotive parts	100.00	—	3	1	—	None	Selling automotive parts to NML	None
JATCO Ltd.	Fuji-shi, Shizuoka	29,935	Manufacturing and selling automotive parts	74.96	—	5	1	—	None	Selling automotive parts to NML	Leasing of land, buildings and production facilities owned by NML
Nissan Kohki Co., Ltd.	Samukawa-machi, Koza-gun, Kanagawa	2,020	Manufacturing and selling automotive parts	97.73	—	8	—	—	None	Selling automotive parts to NML	Leasing of production facilities owned by NML
Automotive Energy Supply Corporation	Zama-shi, Kanagawa	2,345	Development, manufacturing and selling automotive parts	51.00	—	—	4	1	None	Selling automotive parts to NML	Leasing of land and buildings owned by NML
Nissan Group Finance Co., Ltd.	Nishi-ku, Yokohama-shi	90	Finance to group companies	100.00	(100.00)	—	5	1	None	Extending loans to NML's domestic subsidiaries	Leasing of buildings owned by NML
Nissan Trading Co., Ltd.	Totsuka-ku, Yokohama-shi	320	Importing, exporting and selling automobiles, parts and other	100.00	—	4	—	—	None	Importing automotive parts on behalf of NML	None
# Nissan Financial Services Co., Ltd.	Mihama-ku, Chiba-shi	16,388	Financing retail and wholesale of automobiles and automobile leases	100.00	—	2	3	1	None	Providing loans and other for sales finance services for vehicles manufactured by the Company	Leasing company vehicles to NML
Autech Japan, Inc.	Chigasaki-shi, Kanagawa	480	Developing, manufacturing and selling limited edition automobiles	100.00	—	3	3	—	None	Purchasing products manufactured by NML	Leasing of land and buildings owned by NML
Nissan Network Holdings Co., Ltd.	Nishi-ku, Yokohama-shi	90	Business management of the domestic sales network, as well as selling, purchasing, leasing and entrusted management of real estate	100.00	(7.68)	2	2	—	None	Leasing and entrusted management of real estate	Leasing land and buildings for employees' welfare facilities to NML

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Percentage	(Indirect holdings)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Number	Number	Number	Millions of yen		
Nissan Finance Co., Ltd.	Nishi-ku, Yokohama-shi	2,491	Finance to group companies	100.00	—	—	5	1	370,422 funded as working capital	Lending for the group loan provided for domestic subsidiaries	None
Kanagawa Nissan Motor Co., Ltd.	Nishi-ku, Yokohama-shi	90	Selling automobiles and parts	100.00	(100.00)	2	2	1	None	Purchasing products manufactured by NML	None
Nissan Motor Sales Co., Ltd.	Minato-ku, Tokyo	480	Selling automobiles and parts	100.00	—	3	—	1	None	Purchasing products manufactured by NML	None
Nissan Parts Chuo Sales Co., Ltd.	Ota-ku, Tokyo	545	Selling parts for automobile repairs	84.05	(37.81)	7	1	1	None	Purchasing parts for repairs from NML	None
Nissan Car Rental Solutions Co., Ltd.	Nishi-ku, Yokohama-shi	90	Car rentals	100.00	(100.00)	2	2	1	None	Purchasing automobiles for car rental business from NML	None
Other domestic consolidated subsidiaries		55 companies									
Total domestic consolidated subsidiaries		71 companies									

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets		
				Percentage	(Indirect holdings)	Transferred				Concurrent	Dispatched
☆ Nissan Automotive Europe S.A.S.	Montigny-le-Bretonneux, Yvelines, France	Millions of Euro 1,626	Holding company for European subsidiaries and pan-European operational support	%	%	Number	Number	Number	Millions of yen		
				100.00	(48.00)	—	—	—	None	None	None
☆ Nissan International Holdings B.V.	Amsterdam, The Netherlands	Millions of Euro 1,932	Holding company for subsidiaries	100.00	—	—	1	—	300,874 funded as working capital	None	None
Nissan West Europe S.A.S.	Voisins-le-Bretonneux, Yvelines, France	Millions of Euro 6	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Motor (GB) Ltd.	Rickmansworth, Hertfordshire, United Kingdom	Millions of £ stg 136	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
☆ Nissan Holding (UK) Ltd.	Sunderland, Tyne & Wear, United Kingdom	Millions of Euro 871	Holding company for British subsidiaries	100.00	(100.00)	—	—	—	None	None	None
Nissan Italia S.R.L.	Rome, Italy	Millions of Euro 6	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Motor Manufacturing (UK) Ltd.	Sunderland, Tyne & Wear, United Kingdom	Millions of £ stg 250	Manufacturing and selling automobiles and parts, as well as vehicle development, technical survey, evaluation and certification in Europe	100.00	(100.00)	—	—	2	None	Purchasing products manufactured by NML	None
Nissan International SA	Rolle, Vaud, Switzerland	Millions of Euro 37	Managing sales and manufacturing operations in Europe	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
☆ Nissan Motor Iberica, S.A.	Barcelona, Spain	Millions of Euro 726	Manufacturing and selling automobiles and parts	99.79	(93.23)	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Iberia, S.A.	Barcelona, Spain	Millions of Euro 12	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Manufacturing RUS LLC.	Sankt-Petersburg, Russia	Millions of Rubles 31,300	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
☆◎ Nissan North America, Inc.	Franklin, Tennessee, U.S.A.	Millions of US\$ 1,792	Managing subsidiaries in North America and manufacturing and selling automobiles and parts	100.00	—	—	1	1	147,918 funded as capital expenditure	Purchasing products manufactured by NML	None
Nissan Motor Acceptance Corporation	Franklin, Tennessee, U.S.A.	Millions of US\$ 500	Financing retail and wholesale of automobiles and automobile leases	100.00	(100.00)	—	3	—	78,050 funded as working capital	Providing loans and other for sales finance services for vehicles manufactured by the Company	None

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets		
				Percentage	(Indirect holdings)	Transferred				Concurrent	Dispatched
				%	%	Number	Number	Number	Millions of yen		
Nissan Global Reinsurance Ltd.	Hamilton, Bermuda	Thousands of US\$ 120	Casualty insurance	100.00	(100.00)	—	4	—	None	Providing casualty insurance	None
Nissan Canada, Inc.	Mississauga, Ontario, Canada	Millions of Can\$ 81	Selling automobiles and parts, financing retail and wholesale of automobiles and automobile leases	100.00	(9.09)	—	1	—	None	Purchasing products manufactured by NML	None
☆ Nissan Mexicana, S.A. de C.V.	Mexico D.F., Mexico	Millions of MX Peso 17,049	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	5	1	31,872 funded as capital expenditure	Purchasing products manufactured by NML	None
☆ Nissan Do Brasil Automóveis Ltda.	Rio de Janeiro, Brazil	Millions of BRL 6,555	Manufacturing and selling automobiles and parts	100.00	(99.00)	—	—	5	None	Purchasing products manufactured by NML	None
Nissan Motor Co. (Australia) Pty. Ltd.	Dandenong, Victoria, Australia	Millions of A\$ 290	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Motor Egypt S.A.E.	6th of October City, Egypt	Millions of EG£ (L.E.) 2,720	Manufacturing and selling automobiles and parts	100.00	(0.00)	—	—	2	None	Purchasing products manufactured by NML	None
Nissan South Africa (Pty) Ltd.	Rosslyn, South Africa	Millions of Rand 3	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan New Zealand Ltd.	Auckland, New Zealand	Millions of NZ\$ 51	Selling automobiles and parts	100.00	—	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Middle East F.Z.E.	Dubai, UAE	Millions of Dh. 2	Managing operation in Middle East and selling automobiles and parts	100.00	—	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Motor India Private Limited	Oragadam, Kanchipuram District, India	Millions of INR 10,300	Selling automobiles and parts	100.00	(100.00)	—	1	—	2,320 funded as capital expenditure	Purchasing products manufactured by NML	None
☆ Renault Nissan Automotive India Private Limited	Oragadam, Kanchipuram District, India	Millions of INR 57,732	Manufacturing and selling automobiles and parts	70.00	(45.00)	—	—	1	None	Purchasing products manufactured by NML	None
PT. Nissan Motor Indonesia	Kota Bukit Indah, Purwakarta, Indonesia	Millions of IDR 2,592,390	Manufacturing and selling automobiles and parts	75.00	—	—	1	2	3,700 funded as capital expenditure	Purchasing products manufactured by NML	None
Nissan Motor (Thailand) Co., Ltd.	Bangsaothong, Samutpraken, Thailand	Millions of THB 1,944	Manufacturing and selling automobiles and parts	75.00	—	—	—	2	None	Purchasing products manufactured by NML and selling finished cars to NML	None

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Percentage	(Indirect holdings)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
				%	%	Number	Number	Number	Millions of yen		
※ Yulon Nissan Motor Co., Ltd.	Miaoli, Republic of China	Millions of TWD 3,000	Selling automobiles and parts	40.00	—	—	2	2	None	Purchasing products manufactured by NML	None
☆ Nissan (China) Investment Co., Ltd.	Beijing, China	Millions of CNY 8,476	Managing business in China and selling automobiles	100.00	—	—	5	—	None	Purchasing products manufactured by NML	None
Nissan Motor Asia Pacific Co., Ltd.	Bangsaothong, Samutprakarn, Thailand	Millions of THB 225	Management and operational support in ASEAN and selling automobiles and parts	100.00	—	—	1	3	None	Purchasing products manufactured by NML	None
Nissan Chile SpA	Santiago, Chile	Millions of CLP 24,269	Selling automobiles and parts	100.00	—	—	—	—	2,461 funded as working capital	Purchasing products manufactured by NML	None
Nissan Otomotiv Anonim Sirketi	Istanbul, Turkey	Millions of TRY 106	Selling automobiles and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Argentina S.A.	Buenos Aires, Argentina	Millions of ARS 5,105	Selling automobiles and parts	100.00	(99.99)	—	—	—	None	Purchasing products manufactured by NML	None
Other foreign consolidated subsidiaries		90 companies									
Total foreign consolidated subsidiaries		122 companies									
Total consolidated subsidiaries		193 companies									

(2) Affiliates accounted for by the equity method

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Percentage	(Indirect holdings)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
# Nissan Tokyo Sales Holdings Co., Ltd.	Shinagawa-ku, Tokyo	Millions of yen 13,752	Selling automobiles and parts	34.03	(34.03)	Number 2	Number 1	Number —	Millions of yen None	Purchasing products manufactured by NML	None
# (Note 5) Renault	Boulogne, Billancourt, France	Millions of Euro 1,127	Manufacturing and selling automobiles and parts	15.39	(15.39)	—	1	—	None	Mutual production and joint development of vehicles and parts	None
Dongfeng Motor Co., Ltd.	Wuhan, Hubei, China	Millions of CNY 16,700	Manufacturing and selling automobiles and parts	50.00	(50.00)	—	3	—	None	Purchasing products manufactured by NML	None
# Mitsubishi Motors Corporation	Minato-ku, Tokyo	Millions of yen 284,382	Manufacturing and selling automobiles and parts	34.00	—	1	3	—	None	Mutual production and joint development of vehicles and parts	Mutually leasing land, buildings and production facilities with NML
Other affiliates accounted for by the equity method		26 companies									
Total affiliates accounted for by the equity method		30 companies									

Notes: 1. Companies marked ☆ are specified subsidiaries.

2. Companies marked # submit their securities registration statements or securities reports.

3. Net sales (excluding intercompany sales within the Group) of the company marked © (Nissan North America, Inc.) exceeded 10% of consolidated net sales for the year ended March 31, 2018. Therefore, the key financial data for Nissan North America, which consolidates the financial data for its 19 subsidiaries and affiliates, are shown below.

(1) Net sales	¥5,528,384 million
(2) Ordinary income	¥122,789 million
(3) Net income	¥246,619 million
(4) Net assets	¥1,101,664 million
(5) Total assets	¥8,440,185 million

4. Although the percentage of their voting rights held directly and indirectly by NML is equal to, or less than, 50%, the companies marked ※ have been consolidated because they are substantially controlled by NML.

5. Although the exercise of voting rights of the shares in Renault directly and indirectly held by the Company is restricted in accordance with the Commercial Code of France, the Company has accounted for its investment in Renault by the equity method as the Company exercises significant influence over Renault's financial and operating policies through its participation in a jointly and equally owned management company (Renault-Nissan BV) and through its Board members (comprising 50% of Renault-Nissan BV's Board of Directors). This joint venture company is treated as an affiliate because it has the power to decide business issues of importance to both Renault and Nissan based on the Articles of Incorporation of each company or on an agreement on business administration. And also Renault is treated as other associated company because it holds 43.7% of the voting rights of the Company.

5. Employees

(1) Consolidated companies

(As of March 31, 2018)

Geographical segment	Number of employees	
Japan	59,431	(15,440)
North America	36,080	(2,138)
(the United States of America included therein)	18,289	(13)
Europe	16,807	(1,544)
Asia	20,807	(655)
Other overseas countries	5,785	(147)
Total	138,910	(19,924)

Notes: 1. The number of employees presented above represents full-time employees. The figures in parentheses represent the average number of part-time employees during the year ended March 31, 2018, and are not included in the number of full-time employees.

2. The number of employees engaged in sales finance business was 3,771 (100).

(2) The Company

(As of March 31, 2018)

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
22,272 (5,239)	42.5	19.4	8,184,466

Notes: 1. The number of employees presented above represents full-time employees. The figures in parentheses represent the average number of part-time employees during the year ended March 31, 2018, and are not included in the number of full-time employees.

2. The average annual salary for employees includes bonuses and overtime pay.

3. All the figures above are for the automobile business.

(3) Trade union

Most of the Company's employees are affiliated with the NISSAN MOTOR WORKERS' UNION, for which the governing body is the ALL NISSAN AND GENERAL WORKERS UNIONS, and the Japanese Trade Union Confederation (RENGO) through the CONFEDERATION OF JAPAN AUTOMOBILE WORKERS' UNIONS. The labor-management relations of the Company are stable, and the number of union members was 25,377 including those of Nissan Motor Kyushu Co., Ltd. as of March 31, 2018.

At most domestic Group companies, employees are affiliated with their respective trade unions on a company basis, and the governing body is the ALL NISSAN AND GENERAL WORKERS UNIONS.

At foreign Group companies, employees' rights to select their own trade unions are respected according to the relevant labor laws and labor environment in each country.

2. Business Overview

1. Management policy, management environment, and issues to be tackled, etc.

(1) Management policy and business strategies

Guided by the vision of Enriching people's lives, the Group aims to provide unique and innovative products and services that deliver superior measurable values to all stakeholders under the Alliance.

The Group announced on November 8, 2017, the new midterm plan "Nissan M.O.V.E. to 2022" designed to guide the company toward profitable growth over the next six years, and to prepare for further growth beyond the plan as the evolution continues. The new plan expresses that the Group will keep on moving and evolving toward the future, and it stands for the following drivers:

- Mobility
- Operational Excellence
- Value to Customers
- Electrification

The mission under "Nissan M.O.V.E. to 2022" is to be built on the strong business foundations of "Nissan Power 88", and leverage the benefits of our Alliance with Renault and Mitsubishi Motors Corporation, in order to;

1. Achieve sustainable growth, while delivering healthy profitability and strong free cash flow
2. Lead the technology and business evolution in the automotive industry, backed by our technology DNA

In June 2017, the Company and Mitsubishi Motors Corporation established a jointly and equally owned company, Nissan-Mitsubishi B.V. ("NMBV") in the Netherlands, to explore, promote, coordinate and incentivize synergies between the companies. The Board of Directors of NMBV consists of 3 directors, the initial members are Carlos Ghosn, who serves as the Chairman and CEO, Hiroto Saikawa, and Osamu Masuko.

For its contribution to synergy generation, NMBV will receive a service fee. In addition to the operational cost of its work and the remuneration of its directors and employees, NMBV is also expected to incentivize employees of its members who contribute to synergy development.

The Group will fulfill its mission by engaging in "Nissan M.O.V.E. to 2022" with in mind of the technology evolution coming in the next 10 to 15 years, as well as the significant changes in the market and evolving customer expectations.

(2) Operating and financial issues to be addressed

Operating and financial issues to be addressed by the Group occurring during the fiscal year ended March 31, 2018 are as follows.

The Group submitted the detailed reports to Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on November 17, 2017 and March 9, 2018, as a result of the investigation and implementation on countermeasures, in order to prevent recurrence of the issues discovered in the vehicle inspection process for vehicles produced for the Japan market at the Group's six vehicle production plants in Japan, identified during the on-site inspection performed by MLIT in September 2017.

The Group is committed to putting safety first. The Group conducted a third-party investigation, studied recurrence preventive measures, and is implementing such measures thoroughly, thereby making a concerted effort to regain the trust of customers and stakeholders.

2. Business and other risks

With regard to disclosure in the Business Overview, Financial Information and other parts of this Securities Report, the significant items which may affect the decisions of our investors can be grouped under the following risk factors.

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as of June 28, 2018.

1. Rapid changes in the global economy and economic climate

(1) Economic factors

The demand for products and services provided by the Group is strongly affected by the economic conditions in each country or market in which they are offered for sale. Although the Group strives to predict change in economic climate and demands precisely and to take necessary measures in the major markets like as Japan, China, the United States of America, Mexico, Europe, Asia, Central and South America, Middle East and Africa in case of greater-than-anticipated downturn such as global economic crisis, it could have a significant effect on the Group's financial position and business performance.

(2) Situation regarding resources and energy

The demand for products and services provided by the Group largely varies depending on rapid changes in the situation surrounding various resources and energy as represented by the hike of crude oil prices. If gasoline prices continue to rise, consumer demand is forecast to shift to products with better fuel consumption and overall demand could decline in case of further hikes in gasoline prices. Any greater-than-anticipated fluctuations in such resources or the energy situation could have an effect on the Group's financial position and business performance due to deterioration in operating performance and/or opportunity loss.

2. Rapid changes and moves in the automotive market

The automobile industry is currently experiencing intensified market competition worldwide. To win given such intense competition, the Group maximizes its efforts in all aspects of technology development, product development and marketing strategy to timely provide products that address customer needs. Nevertheless, the failure to timely address customer needs or improper responses to environmental and/or market changes could have a significant effect on the Group's financial position and business performance.

Demand might decrease or change due to the progress of negative factors such as a decline in population, the aging society and a dwindling birthrate in a mature market, whereas demand might considerably increase in emerging markets. These changes or trends might generate favorable results for the Group with a rise in business opportunities but could result in an adverse effect on the Group's financial position and business performance due to an excessive dependency on certain products and/or regions unless appropriate forward-looking steps are undertaken.

Furthermore, in recent years, autonomous driving (AD) technology has been onboard several vehicle models and some products are currently being marketed. Should this AD technology be proven safe and evolve as a new product that will create added value, it will bring about strong momentum for future growth toward the next-generation automotive society. To this end, it is indispensable to cooperate with regulatory agencies in each country, and for automobile manufacturers and the companies with cutting-edge technologies to collaborate in formulating new rules for driving on public roads. On the other hand, countries and vehicle manufacturers are facing fierce competition in the development of new technology, which could have a significant effect on the Group's business performance and financial position due to possible increases in development expenses and vehicle costs.

In the future, the conventional business model of "automobile manufacturers produce and sell vehicles as hardware, whereas customers purchase, own and use such vehicles" is expected to change substantially with the propagation of several promising business categories such as car sharing, ride sharing and robot taxi service.

In addition, it is expected that the core added value of cars, that is, the performance of vehicles as hardware, might shift to software-based value such as "what kind of experience can cars provide to customers including services related to cars."

As a result, the appeal of the software might become the key to differentiation, thereby making the know-how and expertise of the Group in the development and mass-production of vehicles, which have been our strengths, less significant source of added value. Looking ahead to such expected innovations, we are seeing new competitors from outside the car-making industry.

In response to such recent moves, the Group is taking diverse measures such as proactive investments in development; recruiting and fostering a variety of human resources; strategic collaboration with companies in other business sectors; and the promotion of open innovations with startup enterprises. These initiatives aim to promote hardware evolution (electrification, intelligent car, advancing autonomous driving and enhancing connectivity functions) and software upgrades (added value by upgrading connected functions).

Nevertheless, the failure to sufficiently address changes due to innovations in a speed and scope beyond our forecasts could lead to a weakened position relative to new competitors and the loss of a competitive edge for our products.

3. Risks related to the financial market

(1) Fluctuations in foreign currency exchange rates

The Group's finished cars, are produced in 20 countries and regions, and are sold in more than 170 countries. The Group's procurement activities for raw materials, parts/components and services are conducted in many countries.

As the consolidated financial statements of the Group are calculated and presented in Japanese yen, the appreciation of the yen against other currencies adversely affects Group's financial business performance, in general. In contrast, the depreciation of the yen against other currencies favorably affects Group's financial business performance. Any sharp appreciation of the currencies of countries where the Group manufactures vehicles could lead to increases in production costs that would adversely affect the Group's competitiveness.

(2) Hedging of currency, interest rate and commodity price risks

The rise in market interest rates and/or in the cost of capital procurement due to the Group's decreased rating by credit rating agencies could have an effect on the Group's financial position and business performance.

The Group may utilize derivative transactions for the purpose of hedging its exposure to risks such as fluctuations in the foreign exchange rates of its receivables and payables denominated in foreign currencies, the interest rates of floating interest-bearing debt funded at variable interest rates and fluctuations in commodity prices. Although the Group can hedge against these risks by using derivatives transactions, the Group might miss potential gains that could result from seizing the market opportunities to profit from such fluctuation in exchange rates, interest rates and commodity prices.

(3) Marketable securities price risk

The Group may hold marketable securities for certain reasons including strategic holding, relationship management and cash management, and there is a price fluctuation risk for such securities. Therefore, price fluctuation in the stock and bond markets could affect the Group's business performance and financial position.

(4) Liquidity risk

The Group endeavors to raise funds from various sources such as an accumulation of internal cash generation, loan commitment agreements with financial institutions and diversification of funding sources and geographies for fund-raising by formulating relevant internal rules so that the Group can ensure an appropriate level of liquidity even if environmental changes beyond normal expectation occur in the financial market. However, market environment could entail a greater-than-anticipated level of risk that might hinder the smooth execution of the initially planned financing, thereby having an adverse effect on the Group's financial position and business performance.

(5) Sales financing business risk

Sales financing is an integral part of the Group's business. Global Sales Financing Business Unit provides strong support to its automotive sales, while maintaining high profitability and a sound and stable financial condition through strict risk management policies. However, the Sales Financing companies inevitably have high exposure to interest-rate risk, residual value risk and credit risk. Accordingly, these risk factors could entail a greater-than-anticipated level of risk, which could adversely affect the Group's financial position and business performance.

(6) Counterparty credit risk

The Group does business with a variety of local counterparties including sales companies, financial institutions and suppliers in many regions around the world. The Group is exposed to the risk that such counterparties could default on their obligations. The Group manages to mitigate its own counterparty credit risk by conducting a comprehensive ongoing assessment of these counterparties based on their financial information. Nonetheless, should unprecedented conditions such as bankruptcies of sales companies, financial institutions and suppliers be triggered by a global economic crisis that could adversely affect the Group's financial position and business performance.

(7) Employee retirement benefit expenses and obligations

The amounts of retirement benefit obligation and related expenses of the Group, which are provided for retirement benefits of employees of the Group companies, are calculated using various actuarial assumptions including the discount rate applied, the long-term expected rates of return on plan assets and other factors. When the Group's actual results differ from those assumptions or when any of the assumptions change, the resulting effects will be accumulated and recognized regularly over future periods; therefore, the cumulative effect could adversely affect the recognition of expenses and liabilities recorded in future periods.

4. Risks related to business strategies and maintenance of competitive edge

(1) Risks involved in international activities and overseas expansion

The Group's products finished cars are produced in 20 countries and regions, and are sold in more than 170 countries. It is possible that the Group's global manufacturing and marketing activities will be extended in the future to other countries and regions mainly in the emerging nations. The Group forecasts and sufficiently evaluates a wide variety of risks inherent in conducting business in overseas markets including the factors noted below. Nevertheless, each of these factors could entail unpredictable risks or a greater-than-anticipated level of risk at any place in our overseas presence without achieving the planned rate of capacity utilization and/or profitability, which could have effects on the Group's financial position and business performance.

- Unfavorable political or economic factors
- Legal or regulatory changes
- Changes in corporate income tax, customs duties and/or other tax system
- Labor disputes including strikes
- Difficulties in recruiting and retaining talented human resources
- Social turmoil due to terrorism, war, coup, demonstrations, rebellion, large-scale natural disaster, epidemic disease or other destabilizing factors

(2) Research and development

The Group's technology must be useful, pragmatic and user friendly. To this end, the Group anticipates the nature and scope of the market demand and then prioritizes and invests in the development of new technologies. However, any sudden and greater-than-anticipated changes in its business environment or in customer preferences or a relative decline in its competitive edge in development could impact negatively on customer acceptance with these new technologies, which could have a significant effect on the Group's business performance.

(3) Collaboration with other corporations

The Group may collaborate with other corporations that have excellent technologies to effectively acquire higher competitiveness within the short term. However, the anticipated results might not be achieved depending on the market environment of the business field concerned and/or changes in technological trends and the progress of collaborative activities with allied partners, which could adversely affect the Group's business performance.

(4) Quality of products and services

To provide products and services of superior quality, the Group endeavors to ensure and enhance maximum quality through detailed management systems from the standpoint of research and development, manufacturing and services. However, the adoption of new technology to propose higher added value might cause unexpected quality-related issues such as product liability and recalls for products after sales of a product start even if it has been repeatedly tested prior to its launch with maximum care. If the AD technology is developed and its use becomes quickly widespread in the future, the responsibility of automobile manufacturers might be brought into question in connection with the decline in drivers engaged in driving. Although the Group has insurance policies to assure the source of funding product liability claims to a certain extent, this does not necessarily mean that all damages are fully covered. If the recalls that the Group has implemented for the benefit of customers' safety become significant in volume and amount, the Group would not only incur significant additional expenses but also experience damage to its brand image, which could adversely affect its financial position and business performance.

(5) Environmental and safety-related restrictions and Corporate Social Responsibility (CSR)

The automobile industry worldwide is influenced by a broad spectrum of environmental and safety related regulations governing the emission levels of exhaust fumes, CO₂/fuel economy guidelines, noise level, chemical substance management, recycling and water resources. These regulations have become increasingly stringent. Since the Paris Agreement was adopted in 2015, the framework for reduction of CO₂ which affects climate changes, from the entire value chain, including business activities, products and procurement, has been reinforced. In particular, CO₂ emissions when vehicles are used, accounting for approximately 80% of the total, are significantly higher compared to the emissions derived from ordinary corporate activities, and therefore might trigger risks such as climate change-related regulations in the near future (CO₂ emissions for vehicles in use were 127,666 kton-CO₂ of the 154,040 kton-CO₂ in emissions for the entire value chain, both actual performance for fiscal year 2016). Indeed, compliance with such regulations is obvious to industrial corporations, and it is becoming common to comply with autonomous guidelines and stricter objectives are required in an increasing number of fields as part of CSR. Although the Group is actively committed in inside and outside of the Group to several continuous environmental activities based on the Nissan Green Program 2022, the medium-term environmental action plan, the burden of ongoing development and investments has been increasing to ensure and/or maintain an advantageous position against competitors. As a consequence, a further rise in these costs could have an impact on the Group's financial position and business performance.

Furthermore, even if the aforementioned initiatives are addressed by the Group, in case our stakeholders such as shareholders and customers do not evaluate that such initiatives provide a certain competitive edge for the Group, a negative impact on stock prices and/or sales might result, which could considerably affect the Group's financial position and business performance.

(6) Critical lawsuits and claims

It is possible that the Group could encounter a variety of claims or lawsuits with counterparties and/or third parties in the course of conducting business. With respect to various lawsuits and claims that the Group might encounter, the possibility exists that the Group's assertion may not be accepted or that the outcome may be significantly different from that anticipated. As a result, any such judgment verdict or settlement could significantly affect the Group's financial position and business performance.

(7) Limit of protecting intellectual assets

The Group owns a wide variety of proprietary technologies and has the expertise to differentiate the Group's products making them unique from those of its competitors. These assets have proven their value in the growth of the Group's business and will continue to be of value in the future. The Group strives to protect its intellectual property assets. However, in certain markets, the Group may encounter difficulty in protecting its own technologies.

The Group established the Intellectual Property Department to protect intellectual assets in such markets, strengthen activities to protect the Group's intellectual property rights, accumulate new intellectual assets and perform various activities to protect and create the Brands. However, cases may arise where the Group finds itself unable to prohibit others from abusing or infringing on its intellectual assets by imitating and manufacturing or selling similar products.

(8) Recruitment and retaining of talented human resources

The Group considers human resources to be the most important corporate assets. The Group therefore focuses its efforts on recruiting talented people globally, enhancing the development of human resources and implementing fairer and more transparent performance evaluation systems. However, industrial competition to secure talented people is intense. Should appropriate recruitment and/or retaining of such desirable human resources not go according to plan, such an unsuccessful personnel development strategy could adversely affect and reduce the competitiveness of the Group on a long-term basis.

(9) Compliance and reputation

In the wake of the issue of the improper treatment of the vehicle inspection for vehicles at domestic production plants, which took place in 2017, the Group conducted a third-party investigation, studied recurrence preventive measures, and is implementing such measures thoroughly, thereby making a concerted effort to regain the trust of customers and stakeholders.

However, compliance issues apply to any and all actions of all employees and it is difficult to completely prevent such incidents unless every employee truly understands the importance of compliance and acts everyday with compliance in mind.

The number of laws, regulations and rules that should be observed is increasing year by year, whereas expectations relative to CSR in contemporary society are also increasing. Even if the perpetrator of an improper act is its secondary or tertiary supplier or distributor, or in the case when such incidents happen regarding products that were distributed in channels other than the regular sales route anticipated by the Group, the Group could be criticized for social responsibility and delayed, insufficient and/or improper responses on compliance-related issues could adversely affect the confidence and/or reputation of the Group, thereby adversely affecting the Group's business performance through, for example, a possible decline in sales resulting from a damaged reputation.

5. Continuation of business

(1) Large-scale natural disasters

The Group's corporate headquarters and many of its manufacturing facilities are located in Japan, where the statistically proven probability of earthquakes is higher than in many other countries. The Group has developed basic guidelines on earthquake risk management, and has organized a global task force, which is composed of major members of the Management Council, to direct disaster prevention and recovery activities. In addition, the Group has been strengthening its manufacturing facilities with anti-seismic reinforcement. However, if an unexpectedly severe earthquake were to hit one of the Group's key facilities causing a halt in production, this would significantly affect the Group's financial position and business performance.

The Group also addresses preventive measures and the improvement of emergency response systems to prepare for risks other than earthquakes, including typhoons, floods, volcanic eruption and epidemics of new types of influenza. Nevertheless, if any of these risk factors occurs or spreads on an unprecedented scale, such risk could adversely affect the Group's financial position and business performance.

In the wake of the Great East Japan Earthquake and the Kumamoto Earthquake that occurred recently, various unforeseen risks emerged as listed below.

- The risk that plant operations could be restricted, to a significant extent, because a scheduled power failure is forcibly implemented or a long-term power shortage continues.
- The risk that plant employees and/or suppliers could not restore operations or operate facilities within areas of limited or no access, in which people cannot restore or operate facilities based on an evacuation directive to restrict or prohibit entry due to radioactive pollution from a nuclear power generation plant.
- The risk that the acceptance of parts and/or products could be rejected or postponed by customers because of radioactive pollution, as well as the risk of sluggish sales due to harmful rumors.
- The risk of tsunamis, for which damage projections (e.g., the height of a tsunami and the scope of the expected devastated areas) are now much more severe than previously anticipated, in the event of any significant earthquakes such as the "Nankai Trough Earthquake".
- The risk that a supplier of the Group could be damaged by an earthquake in one of many active fault zones in Japan, significantly limiting plant operations.

The Group is currently studying and addressing effective countermeasures to solve these problems. However, these risks often cannot be handled by the Group alone and may entail certain costs to implement actions, and therefore could have an impact on the Group's financial position and business performance.

(2) Purchase of raw materials and parts

The Group purchases raw materials, parts/components and services from many suppliers by reason of its business structure. In recent years, the use of rare metals, of which production volume is extremely small and production mines are limited to a small number of countries or regions, has been increasing, in association with the implementation of new technologies. The unpredictable fluctuation of market conditions resulting from a drastic change in the supply-demand balance or a radical change in the political situation of a production country could entail a greater-than-anticipated level of risk in the stable procurement of necessary raw materials, parts/components or services on an ongoing basis, which could adversely affect the Group's financial position and business performance.

(3) Dependency on specific suppliers

If procurement of higher technology or higher quality is pursued at more competitive pricing, actual orders might sometimes concentrate on only one or a small limited number of suppliers. Although the Group has reviewed its supply chains, including secondary and tertiary suppliers, and addressed their reinforcement measures, a possible suspension of supply due to any unforeseen accident or any delay or deficit in supply could lead to the forced suspension of the Nissan Group's production plants, thereby adversely affecting the Group's financial position and business performance.

(4) Computer information system

Almost all the Group's business activities depend on computerized information systems, and such information systems and networks have become increasingly complicated and sophisticated. Nowadays, it is impossible to process routine business operations without services available through these system networks. Given such circumstances, various incidents such as large-scale natural disasters, fires and electricity shutdowns could be risk factors that are detrimental to the Group's information systems. In addition, artificial threats have been rising rapidly, including computer virus infection and increasingly sophisticated cyber-attacks.

To cope with these risk factors, the Group has taken a variety of hardware-based and software-oriented measures, including the preparation of Business Continuity Plan ("BCP") and the improvement of security countermeasures. However, the possible occurrence of any greater-than-anticipated disaster, cyber-attack or infection from a computer virus could cause incidents such as the suspension of business operations due to system outage, the disappearance of important data, and theft or leakage of confidential information and/or private information. Consequently, such incidents could adversely affect the Group's financial position, as well as the Group's business performance and/or the reputation of reliability.

3. Analysis of financial position, operating results and cash flows by management

(1) Overview of the operating results, etc.

The overview of the Group's financial position, operating results and cash flows (hereinafter the "operating results, etc.") is as follows:

1) Financial position and operating results

The global industry volume totaled 93.52 million units for the current fiscal year, an increase of 1.9% year on year. Global sales of the Group for the year ended March 31, 2018, increased by 2.6% year on year to 5,770 thousand units. Net sales of the Group for the year ended March 31, 2018, totaled ¥11,951.2 billion, which represents an increase of ¥231.2 billion (2.0%) relative to net sales for the prior fiscal year. Operating income was ¥574.8 billion for the current fiscal year, a decrease of ¥167.4 billion (22.6%) from the prior fiscal year.

Net non-operating income was ¥175.5 billion for the current fiscal year, increasing by ¥53.0 billion from the prior fiscal year. As a result, ordinary income reached to ¥750.3 billion, decreased by ¥114.4 billion (13.2%) compared with the prior fiscal year. Net special losses of ¥39.6 billion were recorded for the current fiscal year, deteriorating by ¥140.1 billion from the prior fiscal year. Income before income taxes decreased by ¥254.5 billion (26.4%) to ¥710.7 billion compared with the prior fiscal year. Finally, net income attributable to owners of parent for the year ended March 31, 2018, was ¥746.9 billion, an increase of ¥83.4 billion (12.6%) from the prior fiscal year.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year decreased by ¥35.1 billion (2.8%) from the end of the prior fiscal year to ¥1,206.0 billion. This reflected ¥1,071.3 billion in net cash provided by operating activities, ¥1,147.7 billion in net cash used in investing activities and ¥36.8 billion in net cash provided by financing activities, as well as an increase of ¥4.5 billion in the effects of foreign exchange rate movements on cash and cash equivalents.

3) Production, orders received and sales

a. Actual production

Location of manufacturers	Number of vehicles produced (units)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	1,015,033	985,541	(29,492)	(2.9)
The United States of America	990,938	899,483	(91,455)	(9.2)
Mexico	863,915	787,876	(76,039)	(8.8)
The United Kingdom	518,471	487,269	(31,202)	(6.0)
Spain	124,880	98,579	(26,301)	(21.1)
Russia	39,475	50,921	11,446	29.0
Thailand	116,794	133,937	17,143	14.7
Indonesia	25,465	19,134	(6,331)	(24.9)
Philippines	3,772	6,523	2,751	72.9
India	317,347	239,043	(78,304)	(24.7)
South Africa	30,590	32,733	2,143	7.0
Brazil	51,265	95,714	44,449	86.7
Egypt	16,733	16,598	(135)	(0.8)
Total	4,114,678	3,853,351	(261,327)	(6.4)

Note: The figures represent the production figures for the 12-month period from April 1, 2017 to March 31, 2018.

b. Orders received

Information on orders received has been omitted as the products manufactured after the related orders are received are immaterial to the Group.

c. Actual sales

Sales to	Number of vehicles sold (on a consolidated basis: units)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	535,747	564,264	28,517	5.3
North America	2,163,031	2,049,310	(113,721)	(5.3)
(the United States of America included therein)	1,604,053	1,520,622	(83,431)	(5.2)
Europe	791,482	792,641	1,159	0.1
Asia	395,333	386,637	(8,696)	(2.2)
Other overseas countries	523,161	536,133	12,972	2.5
Total	4,408,754	4,328,985	(79,769)	(1.8)

Note: The figures in China and Taiwan, which are included in “Asia,” represent the sales figures for the 12-month period from January 1 to December 31, 2017. Those sold in Japan, North America, Europe, Other overseas countries and Asia (excluding China and Taiwan) represent vehicles sold for the 12-month period from April 1, 2017 to March 31, 2018.

(2) Analysis and discussions of the Group’s operating results from the viewpoint of management

The following analysis and discussions of the Group’s operating results, etc., from the viewpoint of management are, in principle, based on the consolidated financial statements.

Any future forecasts included in the following descriptions are based on the best estimates or judgment of the Group as of June 28, 2018, the date of filing this Securities Report.

1) Significant accounting policies and estimates

The Group’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. The preparation of consolidated financial statements requires management to select and apply the accounting policies and to make certain estimates which affect the amounts of the assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. Although management believes that the estimates made reasonably reflect past experience as well as present circumstances, the actual results could differ substantially because of the uncertainty inherent in those estimates.

The significant accounting policies applied by the Group in the preparation of the consolidated financial statements are explained in “5. Financial Information [Significant accounting policies].” In management’s opinion, the following significant accounting policies could materially affect the estimates made in the consolidated financial statements:

a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided to cover losses on bad debts based on an estimate of the collectability of receivables. The Group may need to increase the allowance or incur losses on bad debts if the financial circumstances of its customers were to deteriorate and if their ability to pay their debts was thus impaired.

b) Accrued warranty costs

Accrued warranty costs is 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 historical experience. The Group places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales service. However, if the estimates of future warranty costs were significantly different from the actual costs incurred due to product defects and other variables, the Group could incur a loss on the provision of additional accrual for warranty costs.

c) Retirement benefit expenses

The amounts of retirement benefit obligation and related expenses of the Group, which are provided for retirement benefits of employees of the Group companies, are calculated using various actuarial assumptions including the discount rate applied, the long-term expected rates of return on plan assets and other factors. When the Group’s actual results differ from those assumptions or when any of the assumptions change, the resulting effects will be accumulated and recognized regularly over future periods. The cumulative effect could adversely affect the recognition of expenses and liabilities recorded in future periods.

- 2) Perception, analysis and discussions of the operating results, etc., for the current fiscal year
The results of perception, analysis and discussions of the Group's operating results and financial position, for the current fiscal year are as follows:

(Operating results)

- a. Net sales
Consolidated net sales for the current fiscal year were ¥11,951.2 billion, an increase of ¥231.2 billion (2.0 %) year on year. A major revenue-increasing factor was the impact of currency translation on overseas revenue.
- b. Operating income
Consolidated operating income totaled ¥574.8 billion, a decrease of ¥167.4 billion (22.6%) from the prior fiscal year, and operating income as a percentage of net sales was 4.8% for the current fiscal year.
- Major profit-decreasing factors in the change of consolidated operating income were the impact of the vehicle inspection incident in Japan, an increase in selling expenses including inventory adjustment at a U.S. sales company and a hike in raw material prices despite cost-saving efforts.
- c. Non-operating income and expenses
Consolidated net non-operating income amounted to ¥175.5 billion for the current fiscal year, increasing by ¥53.0 billion from net non-operating income of ¥122.5 billion for the prior fiscal year. This result was mainly attributable to an increase in equity in earnings of affiliates.
- d. Special gains and losses
Consolidated net special losses of ¥39.6 billion were recorded for the current fiscal year, deteriorating by ¥140.1 billion from net special gains of ¥100.5 billion for the prior fiscal year. This was mainly attributable to the gain on sales of shares of subsidiaries and affiliates that was recorded for the prior fiscal year.
- e. Income taxes
Income taxes for the current fiscal year decreased by ¥317.7 billion from the prior fiscal year to a negative ¥53.0 billion attributable to the effect from the enforcement of the Tax Cuts and Jobs Act in the United States of America.
- f. Net income attributable to owners of parent
Net income attributable to owners of parent for the current fiscal year increased by ¥83.4 billion (12.6 %) from the prior fiscal year to ¥746.9 billion.

(Business segments)

- a. Automobiles
The Group's worldwide automobile sales (on a retail basis) for the year ended March 31, 2018, increased by 144 thousand units (2.6%) from the prior fiscal year to 5,770 thousand units. The number of vehicles sold in Japan increased by 4.8% to 584 thousand units. Vehicles sold in China increased by 12.2% to 1,520 thousand units. Those sold in North America including Mexico and Canada decreased by 1.8% to 2,091 thousand units, those sold in Europe decreased by 2.6% to 756 thousand units and those sold in other overseas countries increased by 1.3% to 819 thousand units.
- Net sales in the automobile segment (including intersegment sales) for the current fiscal year increased by ¥122.7 billion (1.1%) from the prior fiscal year to ¥11,027.9 billion.
- Operating income amounted to ¥335.6 billion for the year ended March 31, 2018, a decrease of ¥199.1 billion (37.2%) from the prior fiscal year. Major profit-decreasing factors were an additional losses related to the vehicle inspection issue at plants in Japan, an increase in sales and marketing expenses including the dealer inventory adjustment in the United States of America, and an increase in raw material cost despite the cost reduction efforts.
- b. Sales finance
Net sales in the sales finance segment (including inter-segment sales) for the year ended March 31, 2018 increased by ¥166.1 billion (16.9%) to ¥1,149.3 billion. Operating income increased by ¥31.4 billion (17.1%) from the last year to ¥215.3 billion. A major profit-increasing factor was an increase in profit of sales finance companies in the United States of America.

(Geographic segment)

a. Japan

In Japan market, the total industry volume (“TIV”) increased by 2.4% year on year to 5.20 million units. The Group’s sales increased by 4.8% from the prior fiscal year to 584 thousand units due to favorable sales of “NOTE e-POWER,” “SERENA e-POWER,” and new “Nissan LEAF,” as well as “DAYZ” and “DAYZ Roox,” all of which contributed to the overall sales increase, despite the negative effects of recalls and temporary production/shipment suspension due to the vehicle inspection incident. As a result, the Group’s market share increased to 11.2%, up 0.2 percentage point year on year. Net sales in Japan (including intersegment sales) for the current fiscal year decreased by ¥71.2 billion (1.5%) from the prior fiscal year to ¥4,647.2 billion. Operating income decreased by ¥125.9 billion (30.7%) from the prior fiscal year to ¥284.2 billion. A major profit-decreasing factor was the impact of the vehicle inspection incident, despite a profit increase attributable to the favorable effects of foreign exchange rate movements.

b. North America

In North America market, including Mexico and Canada, TIV decreased by 1.2% to 20.85 million units. The Group’s sales in North America decreased by 1.8% to 2,091 thousand units. Net sales in North America (including intersegment sales) for the current fiscal year increased by ¥70.2 billion (1.1%) to ¥6,421.9 billion. Operating income decreased by ¥87.6 billion (30.5%) from the prior fiscal year to ¥200.1 billion. Major profit-decreasing factors were an increase in sales and marketing expenses including the dealer inventory adjustment and a decrease in the number of vehicles sold.

Meanwhile, in the United States of America market, TIV decreased by 1.0% to 17.31 million units. However, the Group sold 1,593 thousand units, up 0.7% from the prior fiscal year, supported by favorable sales of “Rogue” and “Rogue Sport.” The Group’s market share increased by 0.2 percentage point to 9.2%.

c. Europe

In Europe market, TIV increased by 2.7% to 19.98 million units. The Group sold 652 thousand units in Europe, excluding Russia, down 4.6% from the prior fiscal year despite the contribution of “Qashqai” and “Micra.” The Group’s market share decreased by 0.2 percentage point to 3.6%. Meanwhile, the Group’s sales in Russia market increased by 12.0% to 105 thousand units, reflecting signs of a recovery against the lingering economic uncertainty. Net sales in Europe (including intersegment sales) for the current fiscal year were ¥2,092.0 billion, an increase of ¥171.4 billion (8.9%) from the prior fiscal year. Operating income of ¥14.3 billion was recorded for the current fiscal year, improving by ¥39.5 billion from the prior fiscal year. A major improvement factor was a reduction in purchasing costs despite an increase in sales and marketing expenses.

d. Asia

Sales volume in Asia and Oceania market, excluding China, decreased by 2.8% to 331 thousand units. Net sales in Asia and Oceania (including intersegment sales) for the current fiscal year decreased by ¥55.9 billion (3.5%) from the prior fiscal year to ¥1,553.7 billion. Operating income for the current fiscal year was ¥53.6 billion, a decrease of ¥8.3 billion (13.5%) from the prior fiscal year.

In China market, TIV increased by 1.8% to 27.35 million units. The Group’s sales in China increased by 12.2% from the prior fiscal year to 1,520 thousand units, driven by sales of “X-Trail” and “Sylphy,” accounting for a market share of 5.6%, up 0.6 percentage point year on year. The operating results of Chinese joint venture, Dongfeng Motor Co., Ltd., is reflected as a gain on the equity in earnings of affiliates in Non-operating income.

e. Other overseas countries

In other markets, the Group’s sales volume increased by 1.3% to 819 thousand units. The Group’s sales volume in Latin America market was excellent, increasing by 14.3% year on year to 208 thousand units. The Group’s sales volume in Africa and the other markets, increased by 8.8% to 96 thousand units. Meanwhile, sales volume in the Middle East decreased to 184 thousand units, down 7.1%, slightly better than the TIV decrease of 9.2%. Net sales in other markets (including intersegment sales) for the current fiscal year decreased by ¥16.7 billion (1.6%) from the prior fiscal year to ¥1,006.2 billion. An operating loss of ¥14.0 billion was recorded for the current fiscal year, improving by ¥1.8 billion from the prior fiscal year. A major improvement factor was an increase in profit in Latin America.

The mission of the six-year midterm plan “Nissan M.O.V.E. to 2022” announced on November 8, 2017 is to achieve sustainable growth and to lead the technology and business evolution of the automotive industry. Because China market is one of the most important markets for the global automotive market today, this midterm plan of 8% operating margin, which is one of the Group’s KPIs, is based on the proportionate consolidation of the Chinese joint venture. By the end of the plan, the Group aims to grow revenues to ¥16,500 billion, and generate a cumulative ¥2,500 billion of automotive free cash flow, with 8% operating margin. In the current fiscal year, which is the first year of the midterm plan, the operating margin was 5.6%, revenues were ¥13,315 billion, free cash flows in the automobile business was positive ¥482.7 billion under the proportionate consolidation of the Chinese joint venture.

(Analysis of sources of capital and liquidity)

a. Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities decreased by ¥264.2 billion to ¥1,071.3 billion in the current fiscal year from ¥1,335.5 billion provided in the prior fiscal year. This was mainly due to a decrease in income before income taxes and a reduced range of increase in trade notes and accounts payable despite a reduced range of increase in sales finance receivables.

(Cash flows from investing activities)

Net cash used in investing activities decreased by ¥229.9 billion to ¥1,147.7 billion in the current fiscal year from ¥1,377.6 billion used in the prior fiscal year. This was mainly attributable to a decrease in purchase of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥36.8 billion in the current fiscal year, a decrease in cash inflows of ¥283.8 billion compared with ¥320.6 billion provided in the prior fiscal year. This was mainly due to a decrease in proceeds from long-term borrowings.

As the cash and cash equivalents in the automobile business at the end of the current fiscal year exceeded interest-bearing debt, the Group had net cash of ¥1,769.1 billion in the cash position, and the free cash flows in the automobile business for the current fiscal year were positive ¥407.0 billion.

b. Financial policies

Financial activities within the Group are managed centrally by the Treasury Department of the Company, which functions as the global treasurer. Several activities are underway within the Group to improve funding efficiency through the implementation of a global cash management system.

The Group has developed a basic financial strategy under which the Group raises funds from appropriate sources and maintains an appropriate level of liquidity and a sound financial position so that the Group can make investments in research and development activities, capital expenditures and its finance business on a timely basis. In fiscal year 2018 (From April 1, 2018 To March 31, 2019), the Group plans to invest ¥540.0 billion in capital expenditures, which will be financed out of its own funds.

It is necessary to pay careful attention to the liquidity of funds in view of the drastic environmental changes in the financial markets and other relevant concerns. However, as the Group has entered into loan commitment agreements with major international banks in addition to the cash and cash equivalents as above, the Group believes that a level of liquidity sufficient to meet the Group’s funding requirements is being maintained.

Whether or not the Group can raise funds without collateral and the related costs depends upon the credit rating of the Group. Currently, the Group’s credit rating is investment grade; however, this favorable rating is not presented herein with the intention of inviting the purchase or holding of the Group’s debt securities.

4. Important business contracts

Company which entered into agreement	Counterparty	Country	Agreement	Date on which agreement entered into
Nissan Motor Co., Ltd. (Filer of this Securities Report)	Renault	France	Overall alliance in the automobile business including equity participation	March 27, 1999
Nissan Motor Co., Ltd. (Filer of this Securities Report)	Daimler AG Renault	Germany France	Agreement on a strategic cooperative relationship including equity participation	April 7, 2010
Nissan Motor Co., Ltd. (Filer of this Securities Report)	Mitsubishi Motors Corporation	Japan	Overall alliance in the automobile business including equity participation	May 25, 2016

5. Research and development activities

The Group has been proactively conducting research and development activities in diverse fields such as global environmental conservation and safety to realize the durable motorized society.

The research and development costs of the Group amounted to ¥495.8 billion for this fiscal year.

The Group's research and development organization and the results of its activities are summarized as follows:

(1) Research and development organization

The Group's domestic research and development activities are promoted by Nissan Shatai Co., Ltd., and NISSAN AUTOMOTIVE TECHNOLOGY CO., LTD., for vehicle development and by Aichi Machine Industry Co., Ltd., JATCO Ltd., etc. for unit development, under the designated delegation of roles and via close collaboration with the Company, for which the central R&D body is the Nissan Technical Center (in Atsugi-shi, Kanagawa).

In the Western countries, Nissan North America, Inc. in the United States of America, Nissan Mexicana, S.A. de C.V. in Mexico, Nissan Motor Manufacturing (UK) Ltd. in the United Kingdom and Nissan Motor Iberica, S.A. in Spain design and develop several vehicle models. The Nissan Research Center Silicon Valley (NRC-SV) office in the United States engages in the research of autonomous driving vehicles and our state-of-the-art Information and Communication Technology (ICT) development.

In Asia, Nissan (China) Investment Co., Ltd., Dongfeng Motor Co., Ltd., a joint venture in China with Dongfeng Motor Group Co., Ltd., Yulon Nissan Motor Co., Ltd., a joint venture in Taiwan with Yulon Motor Co., Ltd., Nissan Motor Asia Pacific Co., Ltd. in Thailand and Renault Nissan Technology and Business Centre India Private Limited in India design and develop several vehicle models.

Nissan Do Brasil Automóveis Ltda. in South America and Nissan South Africa (Pty) Ltd. in South Africa partially engage in the development of locally produced vehicles.

Nissan, Mitsubishi Motors Corporation and Renault share respective roles in the development of next-generation technologies, platforms and powertrains to accelerate their common use in the pursuit of further efficiency in management resources under the Alliance 2022 mid-term plan released in September 2017. Meanwhile, as for the strategic cooperative relationship with Daimler AG, the Company is working on sharing powertrains and platforms for common use.

(2) New vehicles under development

In Japan, the Group launched new "NISSAN LEAF" models equipped with the "ProPILOT" autonomous driving technology in single-lane traffic, "ProPILOT Park" advanced automated parking system and "e-Pedal" function, which allows the driver to accelerate or decelerate using only the accelerator pedal. The Group mounted the ProPILOT system on the "X-Trail" and added e-POWER models to the "SERENA." Overseas, the Group launched the new "NISSAN LEAF," added a King Cab model to the "Titan" and mounted the ProPILOT system on the "Rogue" in North America. The Group launched a new "NISSAN LEAF" model in Europe and the "Terra" frame-based SUV, "Kicks" and "NAVARA" in China. In addition, the Group launched new models of the "QX50" equipped with a VC-Turbo (variable-compression) engine under the "INFINITI" brand and the "CROSS" compact cross-over SUV under the "Datsun" brand.

(3) Development of new technologies

As specific initiatives to address environmental issues under the NISSAN GREEN PROGRAM 2022, a mid-term environmental action plan, we will promote the development of electric vehicles (EVs), technological innovation of manufacturing, including motorization of vehicles; maximization of the value and utilization of resources and cars; and innovative technologies and services. We aim to realize the establishment of a new relationship between mobility and people and society.

As for the "development of EVs," the sales volume of the "NISSAN LEAF" being launched in 51 countries and regions has increased steadily. As of March 2018, cumulative global sales totaled 320 thousand units and global sales volume of NISSAN's overall EV vehicles including the "e-NV200" model, the "e30" model under the "Venucia" brand and models under Dongfeng brand surpassed 380 thousand units. In fiscal year 2017, the new "NISSAN LEAF," with new lithium-ion batteries onboard, which enable a cruising distance of 400 km (in the JC08 mode), was launched in Japan, the United States of America and Europe and has been highly acclaimed in every region. In Japan, the new NISSAN LEAF was awarded the Car Technology of the Year by the JAPAN AUTOMOTIVE HALL OF FAME. It also received the "Best of Innovation award winners for 2018" at the Consumer Electronics Show 2018 and the "2018 World Green Car" award at the 2018 New York International Auto Show in the United States of America, and the "Best Electric Car" award at the 2018 What Car? Awards in Europe. In addition, the "e-NV200," Nissan's second EV model, had been launched in 28 countries including some in Europe and Japan as of March 2018. Its commercial applications have expanded, such as operation of the e-NV200 model as taxis in Barcelona, Spain, and Amsterdam, Netherlands. This model is also used for various commercial purposes in Japan including shipping services by delivery companies in urban areas and by local municipalities.

In the “motorization of vehicles,” the e-POWER system equipped on the “NOTE” for the first time in fiscal year 2016 has been extensively adopted for the “SERENA,” which was awarded the ENERGY CONSERVATION GRAND PRIZE for fiscal year 2017. The e-POWER system offers full electric motor drive, meaning that the wheels are completely driven by the electric motor. The “NOTE e-POWER” achieved best-in-class fuel economy (*1) compared to conventional hybrid vehicles under urban conditions in which the vehicles are frequently driven, as optimal driving performance is achieved by an engine whose sole function is to generate electricity to power its 100% electric motor drive system.

As for “technological innovation of manufacturing,” our VC-Turbo engine, the world's first production-ready variable compression ratio engine, was equipped onboard the “QX50” under the INFINITI brand. The VC-Turbo engine swiftly selects the optimum compression ratio with an advanced multi-link system, seamlessly adjusting the piston’s top dead center, offering power, strong torque and efficiency, on demand.

The Group also focuses on reduction of car body weight by applying new technology. NISSAN has achieved weight reduction of vehicles with thin body thickness by using high-tensile strength steel, including the adoption of the world’s first 1.2G-class steel that allows the coexistence of high strength and high formability features. The use of high-tensile strength steel was extended to the “INFINITI Q50” model (“Skyline” in Japan), as well as to the “Murano” model and the “INFINITI Q60” model in North America, which have been launched previously. We will promote the enhanced use of high-tensile strength steel and raise its adoption rate to 25% for new model vehicles that will be launched in 2017 and later. During fiscal year 2017, the Group applied ultra-high-tensile strength steel of the Super-High-Formability (SHF) 980 MPa-class to the “INFINITI QX50” model—a first among global automobile manufacturers. This has realized both improved driving performance and reduced car body weight.

The Group is also committed to “maximization of the value and utilization of resources and cars.” EV’s fusion with society by connecting with power transmission lines (“grid”) contributes to optimizing energy supply throughout the grid. At present, more than 7,000 power conditioner units for EV have been installed in Japan, and EVs are utilized to manage energy consumption at many households, stores and buildings under the “Vehicle to Home (V2H)” initiative. Moreover, many EVs are used in Japan, the United States of America and a number of European countries to supply electricity to buildings as part of the “Vehicle to Building (V2B)” initiative, and the number of participants in this project is increasing. Furthermore, several proactive initiatives to further enhance EV value are under way, including the use of a smart charge system jointly with electric power companies and demonstrative experiments for the “Vehicle to Grid (B2G)” initiative.

Regarding safety, the Group aimed to achieve the goal of reducing by half the number of Nissan-automobiles-related deaths (compared to 1995) by 2015 via the analysis of actual traffic accidents. This goal has been achieved in Japan, the United States of America and Europe (the United Kingdom). At present, the Group continues to conduct diverse activities targeting further reducing by half the above number of Nissan-automobiles-related deaths by 2020 in Japan, the United States of America and Europe (the United Kingdom), with zero fatalities as the ultimate goal. To this end, with a perspective of reducing the number of traffic accidents, the Group has been promoting the development of a technology that allows the vehicle to support its passengers to stay away from danger based on “Safety Shield,” which is a sophisticated and positive approach to safety issues.

In Japan, the “NOTE e-POWER (X grade)” model obtained the highest evaluation (ASV++) under the Japan New Car Assessment Program (JNCAP). In the United States of America, the “INFINITI QX60,” “Murano,” “Altima,” “Maxima” and “Pathfinder” models obtained the highest evaluation (5 Star) under the United States New Car Assessment Program (US-NCAP). In Europe, the “Micra (Safety Pack)” model obtained the highest evaluation (5 Star) under the European New Car Assessment Program (Euro NCAP).

Moreover, the Company promotes the adoption of the autonomous driving technology that can be expected to significantly reduce the number of traffic accidents and launched in August 2016 a new “SERENA” model with the ProPILOT technology, which is designed for highway use in single-lane traffic, onboard. ProPILOT will help ease driver workload by introducing a combination of accelerator, braking and steering that can be operated in full automatic mode in two scenes: i) driving on congested roads and ii) long-time cruising. In Japan, the adoption of the ProPILOT was extended onboard to the “X-Trail” model and the new “NISSAN LEAF” model during 2017. Consequently, the sales volume of models with the ProPILOT onboard exceeded an aggregate total of 120 thousand units by March 31, 2018. The Group is globally active in extensively adopting the ProPILOT onboard the new “QX50,” “Rogue” and “NISSAN LEAF” in the United States of America, and onboard the “NISSAN LEAF” and “Qashqai” in Europe. In the near future, the Group will put the multi-lane control AD technology into practical use, enabling cars to autonomously change lanes on highways. In addition, the Group publicly released its schedule to launch 20 vehicle models with the ProPILOT onboard in 20 markets by 2022 and expects the sales volume of car models with the ProPILOT onboard to exceed one million units annually by 2022. Furthermore, since March 2018, a demonstrative experiment utilizing unmanned, autonomous driving vehicles for “Easy Ride,” a new traffic service under joint development with DeNA Co., Ltd., has started in the Minato Mirai area in Yokohama-shi, Kanagawa.

The Group will always be actively involved in research and development activities designed to launch new and highly competitive products on the market and to pioneer advanced technologies for the future with the aim of achieving the targets in the Nissan M.O.V.E. to 2022.

*1: At the time of launch: 26.2 km/L for the “SERENA e-POWER” (Japanese standards)

3. Equipment and Facilities

1. Overview of capital expenditures

The Group (the Company and its consolidated subsidiaries) invested ¥485.4 billion during this fiscal year, in particular, to accelerate the development of new products, safety and environmental technology and on efficiency improvement of the production system.

2. Major equipment and facilities

The Group's major equipment and facilities are summarized as follows:

Notes: 1. "Other" in net book value consists of tools, furniture and fixtures and construction in progress.

2. "Number of employees" indicates the number of full-time employees. The figures in parentheses represent the average number of part-time employees during the year ended March 31, 2018, and are not included in the number of full-time employees.

(1) The Company

(As of March 31, 2018)

Location	Address	Description	Net book value						Number of employees (Persons)
			Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
			Area (m ²)	Amount (Millions of yen)					
Yokohama Plant	Kanagawa-ku and Tsurumi-ku, Yokohama-shi, Kanagawa	Automobile parts production facilities	505,434	370	25,014	38,491	3,057	66,932	2,214 (784)
Oppama Plant (including the Research Center)	Yokosuka-shi, Kanagawa	Vehicle production facilities	1,844,577	29,150	30,838	18,593	4,586	83,167	2,528 (1,017)
Tochigi Plant	Kaminokawa-cho, Tochigi	Vehicle production facilities	2,912,774	4,289	20,110	31,664	10,864	66,927	3,619 (1,578)
Nissan Motor Kyushu Co., Ltd. (Note 1)	Kanda-machi, Fukuoka	Vehicle production facilities	2,355,196	29,849	28,996	17,735	6,696	83,276	81 (23)
Iwaki Plant	Iwaki-shi, Fukushima	Automobile parts production facilities	205,489	3,545	6,423	13,448	1,584	25,000	491 (261)
Head Office departments and other	Atsugi-shi and Isehara-shi, Kanagawa	R&D facilities	1,356,180	25,419	72,143	28,747	19,175	145,484	9,307 (943)
	Nishi-ku, Yokohama-shi, Kanagawa	Head office	10,000	6,455	18,503	1,108	2,093	28,159	1,940 (232)

Notes: 1. All of the vehicle production facilities are lent to Nissan Motor Kyushu Co., Ltd., to which manufacturing of the Company's products is entrusted.

2. The above table has been prepared based on the location of the equipment.

3. The figures for each plant include those at adjoining facilities for employees' social welfare, warehouses and laboratories and the related full-time employees.

(2) Domestic subsidiaries

(As of March 31, 2018)

Company	Location	Address	Description	Net book value						Number of employees (Persons)
				Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
				Area (m ²)	Amount (Millions of yen)					
JATCO Ltd.	Fuji Office and other	Fuji-shi, Shizuoka, etc.	Automobile parts production facilities	1,023,808	16,051	24,133	42,147	21,078	103,409	5,190 (841)
Nissan Shatai Co., Ltd.	Shonan Plant and other	Hiratsuka-shi, Kanagawa, etc.	Vehicle production facilities	649,312	12,166	10,485	18,625	9,923	51,199	1,900 (337)
Aichi Machine Industry Co., Ltd.	Atsuta Plant and other	Atsuta-ku, Nagoya-shi, Aichi, etc.	Automobile parts production facilities	396,654	26,618	9,457	23,521	5,161	64,757	1,606 (315)
Nissan Network Holdings Co., Ltd.	Head office and other	Yokohama-shi, Kanagawa, etc.	Facilities for automobile sales, etc.	3,379,227	366,048	83,013	82	3,883	453,026	41 (3)

(3) Foreign subsidiaries

(As of March 31, 2018)

Company	Location	Address	Description	Net book value						Number of employees (Persons)
				Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
				Area (m ²)	Amount (Millions of yen)					
Nissan North America, Inc.	Production plant for vehicles and parts and other facilities	Smyrna, Tennessee, Canton, Mississippi, USA, etc.	Production facilities for vehicles, parts and others	25,887,621	8,100	71,401	154,330	182,493	416,324	16,696 (8)
Nissan Mexicana, S.A. de C.V.	Production plant for vehicles and parts and other facilities	Morelos, Mexico, and Aguascalientes, Mexico	Production facilities for vehicles, parts and others	5,972,997	6,263	22,862	47,922	74,001	151,048	12,576 (1,950)
Nissan Motor Iberica, S.A.	Production plant for vehicles and parts	Barcelona, Madrid, Spain, etc.	Production facilities for vehicles and parts	591,062	955	16,560	30,271	42,493	90,279	4,695 (277)
Nissan Motor Manufacturing (UK) Ltd.	Production plant for vehicles and parts	Sunderland, Tyne & Wear, United Kingdom	Production facilities for vehicles and parts	2,861,491	1,611	19,235	33,404	47,772	102,022	6,749 (1,173)
Renault Nissan Automotive India Private Limited	Production plant for vehicles and parts	Oragadam, Kanchipuram District, India	Production facilities for vehicles and parts	2,468,582	3,120	16,055	43,632	15,465	78,272	5,652 (0)
Nissan Motor (Thailand) Co., Ltd.	Production plant for vehicles and parts	Bangsaothong, Samutpraken, Thailand	Production facilities for vehicles and parts	995,164	1,089	6,364	12,957	35,363	55,773	4,328 (35)
Nissan Manufacturing RUS LLC.	Production plant for vehicles and parts and other facilities	Sankt-Petersburg, Russia	Production facilities for vehicles and parts and others	1,650,603	317	11,601	7,311	4,922	24,151	2,102 (29)
Nissan Do Brasil Automóveis Ltda.	Production plant for vehicles and parts and other facilities	Resende, Rio de Janeiro, Brazil	Production facilities for vehicles and parts and others	2,738,167	3,726	28,259	4,168	17,610	53,763	2,327 (1)
PT. Nissan Motor Indonesia	Production plant for vehicles and parts	Kota Bukit Indah, Purwakarta, Indonesia	Production facilities for vehicles and parts	233,327	774	2,313	5,762	5,175	14,024	1,860 (464)

Note: In addition to the above, other major leased assets are presented as follows:

Major leased assets

Company	Location	Address	Lessor	Description	Area (m ²)	Lease Fees (Thousands of yen/month)
Nissan Motor Co., Ltd.	Information System Center	Atsugi-shi, Kanagawa	Fujitsu Limited	Building	24,624	78,658
Nissan Motor Iberica, S.A.	Part of the plant site	Barcelona, Spain	Zona Franca Association of Industrial Area	Land	518,000	18,403

Notes: 1. Lease fees are presented exclusive of consumption tax.

2. Employees working in or with the leased assets are included in "Major equipment and facilities" above.

Information by reportable segments

Reportable segments	Net book value						Number of employees (Persons)
	Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
	Area (m ²)	Amount (Millions of yen)					
Sales finance	24,374	34	2,095	2,634,609	4,837	2,641,575	3,771 (100)

Note: There was no major idle equipment or facility at present.

3. Plans for new additions or disposals

(1) New additions and renovations

In fiscal year 2018 (From April 1, 2018 To March 31, 2019), the Group plans to invest ¥540.0 billion in capital expenditures, which will be financed out of its own funds.

(2) Disposals and sales

Except for disposals and sales conducted in the course of the Group's routine renewal of its equipment and facilities, there is no plan for significant disposals or sales.

4. Corporate Information

1. Information on the Company's shares

(1) Number of shares and other

1) Number of shares

Type	Number of shares authorized to be issued
Common stock	6,000,000,000
Total	6,000,000,000

2) Number of shares issued

Type	Number of shares issued		Stock exchanges on which the Company is listed	Description
	As of March 31, 2018	As of June 28, 2018 (filing date of this Securities Report)		
Common stock	4,220,715,112	4,220,715,112	First Section of the Tokyo Stock Exchange	The number of shares constituting a standard unit is 100
Total	4,220,715,112	4,220,715,112	—	—

(2) Status of the share subscription rights

1) Stock option plans

The Company has adopted a stock option plan (the “Plan”) under which share subscription rights are granted to employees of the Company in accordance with the Corporate Law.

The details of the Plan which were approved at the annual general meetings of the shareholders are summarized as follows:

The Plan under Articles 236, 238 and 239 of the Corporate Law

Resolution at 108th annual general meeting of the shareholders:

Date for resolution	June 20, 2007
Individuals covered by the Plan and number of individuals	Employees of the Company 121
Number of share subscription rights *1	4,991 units [—]
Type of shares to be issued upon the exercise of the share subscription rights and number of shares *1	Common stock: 499,100 shares [—] The number of shares constituting a standard unit is 100.
Amount to be subscribed upon the exercise of the share subscription rights *1	¥97,500 (¥975 per share) *2
Exercise period *1	From May 17, 2010 To April 23, 2018
Upon the exercise of the share subscription rights, issue price and amount per share to be credited to common stock (Yen) *1	Issue price: ¥975 Amount per share to be credited to common stock: ¥488
Conditions for the exercise of the share subscription rights *1	① Partial exercise of each share subscription right is not allowed. ② Individuals to whom the share subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable. ③ The Holders shall achieve their own predetermined performance targets. ④ A Holder shall not be able to exercise his/her share subscription rights in case he/she violates any applicable laws or various internal rules of the Company, etc. ⑤ A Holder shall not be able to exercise his/her share subscription rights in case he/she is subject to a disciplinary action equivalent to or more serious than a suspension of attendance, which is stipulated in the Working Regulations of the Company, etc. ⑥ A Holder shall not be able to exercise his/her share subscription rights in case he/she abandons the share subscription rights. The details concerning conditions ② to ⑥ above and certain other conditions shall be as set forth in the “Share subscription rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.
Transfer of share subscription rights *1	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action *1	—

*1 The table above describes the Plan details at the end of the current fiscal year (March 31, 2018). The changes made from the end of the current fiscal year to the end of the month preceding the filing date of this Securities Report (May 31, 2018) are noted in [], and they are as of the end of the month preceding the filing date of this Securities Report. The exercise period ended as of April 23, 2018, and there were no relevant matters at the end of the month preceding the filing date of this Securities Report.

*2 If either of the cases 1) or 2) below takes place on or after the date for issuance, the exercise price shall be adjusted by applying the following formula (hereinafter the “Exercise Price Adjustment Formula”), respectively, with the resulting fractions less than ¥1 to be rounded up.

1) If the Company conducts a stock split or a reverse stock split for the Company shares of common stock:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split/reverse stock split}}$$

2) If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price (excluding cases of i) the purchase of treasury stock of shares under Article 194 (Request from shareholders who own stocks of less than a standard unit against the Company to sell shares so that such shareholder’s shares become one unit of shares) of the Corporate Law, ii) conversion of securities to be converted or convertible to the Company’s shares of common stock or iii) share subscription rights with which the holder can request issuance of the Company’s shares of common stock) (including those attached to the bonds with share subscription rights)).

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

2) Right plans
Not applicable

3) Other share subscription rights
Not applicable

(3) Exercise status of bonds with share subscription rights containing a clause for exercise price adjustment
Not applicable

(4) Changes in the number of shares issued and the amount of common stock and other

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Changes in additional paid-in capital (Millions of yen)	Balance of additional paid-in capital (Millions of yen)
From April 1, 2015 To March 31, 2016 (Note)	(26,000)	4,494,715	—	605,813	—	804,470
From April 1, 2016 To March 31, 2017 (Note)	(274,000)	4,220,715	—	605,813	—	804,470

Note: Decrease due to retirement of treasury stock

(5) Details of shareholders

(As of March 31, 2018)

Classification	Status of shares (1 unit = 100 shares)								Stocks of less than a standard unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders (other than individuals)	Foreign shareholders (individuals only)	Individuals and other	Total	
Number of shareholders (Persons)	—	206	59	2,296	898	547	442,871	446,877	—
Number of shares held (Units)	—	7,356,863	847,725	909,901	26,495,557	15,540	6,575,743	42,201,329	582,212
Shareholding Ratio (%)	—	17.43	2.01	2.16	62.78	0.04	15.58	100.00	—

Note: Treasury stock of 28,426,038 shares is included in “Individuals and other” at 284,260 units, and in “Stocks of less than a standard unit” at 38 shares.

(6) Principal shareholders

(As of March 31, 2018)

Name	Address	Number of shares held (Thousands)	Number of shares (excluding treasury stock) held as a percentage of total shares issued (%)
Renault S.A. (Standing agent: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	13-15 QUAI ALPHONSE LE GALLO 92100 BOULOGNE BILLANCOURT, FRANCE (Shinagawa Intercity A Bldg., 2-15-1 Konan, Minato-ku, Tokyo)	1,831,837	43.7
THE CHASE MANHATTAN BANK, N.A., LONDON SPECIAL ACCOUNT NO. 1 (Standing agent: Settlement & Clearing Services Division, Mizuho Bank, Ltd.) (Note)	WOOLGATE HOUSE, COLEMAN STREET, LONDON EC2P 2HD, ENGLAND (Shinagawa Intercity A Bldg., 2-15-1 Konan, Minato-ku, Tokyo)	144,346	3.4
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	128,846	3.1
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	109,318	2.6
Japan Trustee Services Bank, Ltd. (Trust account 9)	1-8-11 Harumi, Chuo-ku, Tokyo	59,204	1.4
Nippon Life Insurance Company (Standing agent: The Master Trust Bank of Japan, Ltd.)	1-6-6 Marunouchi, Chiyoda-ku, Tokyo (Nippon Life securities management portion) (2-11-3 Hamamatsu-cho, Minato-ku, Tokyo)	54,029	1.3
Japan Trustee Services Bank, Ltd. (Trust account 5)	1-8-11 Harumi, Chuo-ku, Tokyo	45,070	1.1
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing agent: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity A Bldg., 2-15-1 Konan, Minato-ku, Tokyo)	40,397	1.0
Japan Trustee Services Bank, Ltd. (Trust account 7)	1-8-11 Harumi, Chuo-ku, Tokyo	33,880	0.8
Japan Trustee Services Bank, Ltd. (Trust account 1)	1-8-11 Harumi, Chuo-ku, Tokyo	33,492	0.8
Total	—	2,480,419	59.2

Note: Daimspain, S.L. substantially holds 140,142 thousand shares of the Company although those shares are in custody of THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO. 1 on the shareholders' register.

(7) Status of voting rights

1) Shares issued

(As of March 31, 2018)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 28,426,000	—	—
	(Crossholding stock) Common stock 238,800	—	—
Shares with full voting rights (Others)	Common stock 4,191,468,100	41,914,681	—
Stocks of less than a standard unit	Common stock 582,212	—	—
Total shares issued	4,220,715,112	—	—
Total voting rights held by all shareholders	—	41,914,681	—

Note: “Stocks of less than a standard unit” include 38 shares of treasury stock and 30 crossholding shares.

Crossholding stocks of less than a standard unit (As of March 31, 2018)

Shareholder	Number of shares
Kai Nissan Motor Co., Ltd.	30

2) Treasury stock, etc.

(As of March 31, 2018)

Shareholders	Addresses of shareholders	Number of shares held		Total	% of interest
		under own name	under the names of others		
Treasury stock: Nissan Motor Co., Ltd.	2 Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Shares 28,426,000	Shares —	Shares 28,426,000	% 0.67
Crossholding stock: Kochi Nissan Prince Motor Sales Co., Ltd.	2-21 Asahi-cho, Kochi-shi, Kochi	105,600	—	105,600	0.00
Kai Nissan Motor Co., Ltd.	706 Kamiimai-cho, Kofu-shi, Yamanashi	37,800	44,900	82,700	0.00
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazono-cho, Takamatsu-shi, Kagawa	4,800	100	4,900	0.00
NDC Sales Co., Ltd.	2-39-1 Mimomi, Narashino-shi, Chiba	45,600	—	45,600	0.00
Total		28,619,800	45,000	28,664,800	0.68

Note: The shares included in “Number of shares held under the names of others” represents those held by Nissan’s crossholding share association (address: 1-1-1 Takashima, Nishi-ku, Yokohama-shi, Kanagawa). (Fractional numbers under 100 have been omitted.)

2. Acquisition of treasury stock

Type of shares: Acquisition of shares of common stock under Article 155, Item 7 of the Corporate Law

- (1) Acquisition of treasury stock based on a resolution approved at the annual general meeting of the shareholders
Not applicable
- (2) Acquisition of treasury stock based on a resolution approved by the Board of Directors
Not applicable
- (3) Acquisition of treasury stock not based on a resolution approved at the annual general meeting of the shareholders or on a resolution approved by the Board of Directors

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Treasury stock acquired during the current fiscal year	6	6
Treasury stock acquired during the period for acquisition	1	0

Note: "Treasury stock acquired during the period for acquisition" does not include the number of stocks of less than a standard unit purchased during the period from June 1, 2018, to the filing date of this Securities Report.

(4) Current status of the disposition and holding of acquired treasury stock

Classification	Current fiscal year		Period for acquisition	
	Number of shares (Thousands)	Total disposition amount (Millions of yen)	Number of shares (Thousands)	Total disposition amount (Millions of yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation	—	—	—	—
Other (Acquired treasury stock that was disposed of instead of issuing shares due to the exercise of share subscription rights)	1,392	1,407	—	—
Number of shares of treasury stock held	28,426	—	28,427	—

3. Dividend policy

The Company positions the return of profits to shareholders as one of the most important management policies, and adherence to a globally competitive dividend standard is Nissan's strategy as well as a key that defines its relationship with shareholders.

The Company's basic policy on the distribution of dividends from surplus is twice annually, that is, an interim dividend and a year-end dividend, as the Company has determined in its articles of association that the Company may distribute interim dividends as stipulated in Article 454, Paragraph 5, of the Corporate Law. The final decision-making organization is the Board of Directors for the interim dividend, and a general meeting of the shareholders for the year-end dividend.

As for the distribution of dividends from surplus for the year ended March 31, 2018, the Company's interim dividend was ¥26.5 per share and the year-end dividend was ¥26.5 per share. As a result, the Company's annual dividend was ¥53 per share.

The Company intends to apply its internal reserve to preparations for future business development and R&D costs.

Note: Dividends from surplus for which the record date belongs to the fiscal year ended March 31, 2018, are as follows:

Date of resolution	Total dividend amount (Millions of yen)	Dividend per share (Yen)
Board of Directors meeting held on November 8, 2017	103,658	26.5
Annual general meeting of the shareholders held on June 26, 2018	103,627	26.5

Note: Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

4. Changes in the market price of the Company's shares

(1) Highest and lowest prices during the past five years

	115th fiscal year	116th fiscal year	117th fiscal year	118th fiscal year	119th fiscal year
Year-end	March 2014	March 2015	March 2016	March 2017	March 2018
Highest (Yen)	1,250	1,303.5	1,350.0	1,220.0	1,197.0
Lowest (Yen)	824	856.0	923.3	893.1	996.2

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

(2) Highest and lowest prices during the past six months

Month	October 2017	November	December	January 2018	February	March
Highest (Yen)	1,114.5	1,121.5	1,130.0	1,197.0	1,178.0	1,131.5
Lowest (Yen)	1,054.5	1,060.5	1,076.5	1,128.0	1,103.5	1,073.5

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Statutory Auditors

12 males, 1 female (female ratio of 8%), 9 Japanese, 4 Foreigners.

Function	Position	Name (Date of birth)	Career profile		Term of office (period)	Number of shares owned (Thousands)
Representative Director, Director Chairman		Carlos Ghosn (March 9, 1954)	1996 October 1996 December 1999 June 2000 June 2001 June 2003 June 2005 April 2008 June 2009 May 2016 December 2017 April 2017 May 2017 June	Joined Renault Executive Vice President of Renault Director and COO of the Company President and COO of the Company President and CEO of the Company Co-Chairman, President and CEO of the Company President and CEO of Renault President and Chairman of Renault Nissan B.V. Chairman, President and CEO of the Company Chairman and CEO of Renault (Current position) Director and Chairman of Mitsubishi Motors Corporation (Current position) Director and Chairman of the Company (Current position) Chairman and CEO of Renault Nissan B.V. (Current position) Chairman and CEO of Nissan- Mitsubishi B.V. (Current position)	Two years from June 2017	3,139
Representative Director, Director President	CEO	Hiroto Saikawa (November 14, 1953)	1977 April 2000 October 2003 April 2005 April 2005 June 2006 May 2013 April 2014 April 2015 June 2016 November 2017 April 2017 June	Joined the Company General Manager of Purchasing Strategy Dept. of the Company Senior Vice President of the Company Executive Vice President of the Company Director and Executive Vice President of the Company Director of Renault Director, Executive Vice President and CCO of the Company Director and CCO of the Company Director, Vice Chairman and CCO of the Company Co-CEO of the Company Director, President and CEO of the Company (Current position) Director of Nissan- Mitsubishi B.V. (Current position)	Two years from June 2017	48
Representative Director		Greg Kelly (September 15, 1956)	1988 March 1993 August 2000 April 2005 October 2008 April 2009 April 2012 June 2014 April 2015 February	Joined Nissan North America, Inc. Director of Personnel Dept., Nissan North America, Inc. Senior Director of Personnel Dept., Nissan North America, Inc. Vice President (in charge of personnel and organizational development) of Nissan North America, Inc. Corporate Vice President of the Company Senior Vice President of the Company Director and Senior Vice President of the Company Director and Alliance EVP, Senior Vice President of the Company Director of the Company (Current position)	Two years from June 2017	1
Director	Executive Vice President	Hideyuki Sakamoto (April 15, 1956)	1980 April 2005 April 2008 April 2012 April 2014 April 2014 June	Joined the Company Project Manager of Vehicle Design Engineering Dept. No.3 of the Company Corporate Vice President of the Company Senior Vice President of the Company Executive Vice President of the Company Director and Executive Vice President of the Company (Current position)	Two years from June 2017	28

Function	Position	Name (Date of birth)	Career profile		Term of office (period)	Number of shares owned (Thousands)			
Director		Toshiyuki Shiga (September 16, 1953)	1976 1999	April July	Joined the Company General Manager of Corporate Planning Dept. and Alliance Coordination Office of the Company	Two years from June 2017	110		
			2000 2005 2005	April April June	Senior Vice President of the Company COO of the Company Director and COO of the Company				
			2013 2017	November June	Director and Vice Chairman of the Company Director of the Company (Current position)				
Director		Jean-Baptiste Duzan (September 7, 1946)	1982 1992	September January	Joined Renault Senior Vice President of Renault			Two years from June 2017	1
			2009 2009	June June	Retired from Renault Director of the Company (Current position)				
Director		Bernard Rey (September 6, 1946)	1988 1998		Project Director of Renault Officer in charge of International Dept. of Renault	Two years from June 2017	1		
			1999 2000	April April	Vice President of the Company Senior Vice President of the Company				
			2007 2011	April November	Senior Vice President of Renault Retired from Renault				
			2014	June	Director of the Company (Current position)				
Director		Keiko Ihara (July 4, 1973)	2013	January	Fédération Internationale de l'Automobile (FIA) Asian representative for the Women in Motorsports Commission and female representative for the FIA Drivers Commission (Current position)			One year from June 2018	—
			2015	April	Member of Industrial Structure Council, Japan Ministry of Economy, Trade and Industry (Current position)				
			2015	July	Member of Japan House Advisory Board, Japan Ministry of Foreign Affairs (Current position)				
			2015	September	Guest Associate Professor at Keio University Graduate School of Media Design (KMD) (Current position)				
			2016 2018	June June	Outside Director of SOFT99 corporation (Current position) Director of the Company (Current position)				
Director		Masakazu Toyoda (June 28, 1949)	1973 2003	April August	Joined Ministry of International Trade and Industry Director-General, Commerce and Information Policy Bureau of Ministry of Economy, Trade and Industry (METI)	One year from June 2018	—		
			2006 2007	July July	Director General, Trade Policy Bureau, METI Vice-Minister for International Affairs, METI				
			2008	August	Secretary-General, The Cabinet Secretariat's Strategic Headquarters for Space Policy				
			2008	November	Special Advisor to the Cabinet				
			2010	July	Chairman & CEO, Institute of Energy Economics, Japan (Current position)				
			2011	June	Outside Auditor of Nitto Denko Corporation (Current position)				
			2015 2018	March June	Outside Director of CANON ELECTRONICS INC. (Current position) Director of the Company (Current position)				
Statutory Auditor	Standing	Hidetoshi Imazu (May 15, 1949)	1972 1998	April April	Joined the Company General Manager, Chassis Engineering Div. of the Company	Four years from June 2018	65		
			2002	April	Senior Vice President of the Company				
			2007	April	Executive Vice President of the Company				
			2007	June	Director and Executive Vice President of the Company				
			2014 2014	April June	Director of the Company Statutory Auditor of the Company (Current position)				

Function	Position	Name (Date of birth)	Career profile		Term of office (period)	Number of shares owned (Thousands)
Statutory Auditor	Standing	Motoo Nagai (March 4, 1954)	1977 April 2005 April 2007 April 2011 April 2011 June 2014 June	Joined Industrial Bank of Japan, Limited Executive Officer of Mizuho Corporate Bank, Ltd. Managing Executive Officer of Mizuho Corporate Bank, Ltd. Deputy President (Executive Officer) of Mizuho Trust & Banking Co., Ltd. Deputy President (Executive Officer and Director) of Mizuho Trust & Banking Co., Ltd. Statutory Auditor of the Company (Current position)	Four years from June 2018	7
Statutory Auditor	Standing	Tetsunobu Ikeda (January 30, 1955)	1977 April 2004 June 2007 June 2008 November 2015 April 2018 June	Joined The Bank of Yokohama, Ltd. Executive Officer, The Bank of Yokohama, Ltd. Representative Director, The Bank of Yokohama, Ltd. Director and President of Hamagin Tokai Tokyo Securities Co., Ltd. Director and President of Sky Ocean Asset Management Co., Ltd. Statutory Auditor of the Company (Current position)	Four years from June 2018	—
Statutory Auditor	Part-time	Shigetoshi Andoh (March 30, 1942)	1964 April 1990 June 1993 December 1996 June 1999 July 2001 June 2002 November 2004 June 2010 June 2012 June	Joined The Sanwa Bank, Limited Director of The Sanwa Bank, Limited Managing Director of The Sanwa Bank, Limited Senior Managing Director of The Sanwa Bank, Limited Director and President of TOYO KOGYO Co., Ltd. Director and Executive Vice President of Nippon Shinpan Co., Ltd. Chairman of Nippon Shinpan Co., Ltd. Chairman of Hitachi Zosen Corporation Counselor of Hitachi Zosen Corporation Statutory Auditor of the Company (Current position)	Four years from June 2016	17
Total						3,417

- Notes:
1. Jean-Baptiste Duzan, Keiko Ihara and Masakazu Toyoda are outside directors of the Company.
 2. Tetsunobu Ikeda, Motoo Nagai and Shigetoshi Andoh are outside statutory auditors.
 3. The Company sets up a Corporate Officer system in order to revitalize the Board of Directors by segregating decision-making and control functions from the executive functions and to enable capable individuals to be appointed based solely on their ability.
The number of Corporate Officers is 51, consisting of 27 Japanese and 24 foreigners, of which two are women (female ratio of 4% of the corporate officers), and including the 3 directors listed above (Carlos Ghosn, Hiroto Saikawa and Hideyuki Sakamoto). The 48 other members are as follows: Hiroshi Karube (CFO); Philippe Klein (CPO); Jose Munoz (CPO); Yasuhiro Yamauchi (CCO); Christian Vandenhende, Tsuyoshi Yamaguchi and Daniele Schillaci (Executive Vice Presidents); Hitoshi Kawaguchi, Takao Asami, Jun Seki, Jose Luis Valls, Takashi Hata, Roland Krueger, Arun Bajaj, Asako Hoshino, Rakesh Kochhar, Hari Nada, Noboru Tateishi, Alfonso Albaisa, Peyman Kargar, Denis Le Vos, Gianluca De Ficchy, Kunio Nakaguro, Atul Pasricha and Makoto Uchida (Senior Vice Presidents); Joji Tagawa, Yusuke Takahashi, Roel De Vries, Tony Laydon, Mitsuro Antoku, Toshihiro Hirai, Hiroshi Nagaoka, Akihiro Otomo, Kent O'Hara, Leon Dorssers, Atsuhiko Hayakawa, Yoshikazu Nakai, Kinichi Tanuma, Haruhiko Yoshimura, Yukio Ito, Catherine Perez, Jose Roman, Carlos Servin, Tony Thomas, Seiji Honda, Eiichi Akashi, Ivan Espinosa and Shohei Yamazaki (Corporate Vice Presidents), and Haruyoshi Kumura and Shunichi Toyomasu as Fellows.

6. Corporate governance

(1) Status of corporate governance

Basic corporate governance policy

Corporate governance is one of the important responsibilities of the Company's management, and its most important role is to clarify the duties and responsibilities of the members of the management team. At the Company, clear management objectives and policies are published for the benefit of the shareholders and investors, and achievements and results are announced early and with as much transparency as possible. The enhancement of corporate governance by full and fair disclosure is the responsibility of management.

a) Corporate governance system

(1) Summary of the Company's corporate governance system and the reason for adopting this system

The Company adopts a corporate governance system, under which oversight by the Board of Directors and audits by the Statutory Auditors shall be executed, and a Corporate Officer system for the purpose of pursuing transparency and improving of flexibility, clarifying managerial responsibility and ensuring appropriate supervision to and audits of Directors' execution of duties.

The Company's Board of Directors makes decisions on important business operations and supervises the execution of duties by the respective Directors. The number of Directors is nine (9), of which three (3) are Outside Directors. The structure of the Board of Directors is simplified in the pursuit of more efficient and flexible management, and the authority for business execution is clearly delegated as much as possible to corporate officers and employees. Furthermore, several conference bodies have been established to deliberate and discuss important corporate matters and the execution of daily business affairs.

The Company has established the Board of Statutory Auditors, which consists of four (4) Statutory Auditors including three (3) Outside Statutory Auditors, to properly audit the execution of Directors' duties. Three (3) of the four (4) Statutory Auditors are full-time Statutory Auditors. Three (3) of them are highly independent.

(2) Status of the Company's internal control systems

The Company focuses on highly transparent management internally and externally, and aims to conduct consistent and efficient management to firmly achieve its specific commitments. Under this basic policy, the Company's Board of Directors has resolved "systems to ensure proper and appropriate corporate operations of the Company and its group companies" in accordance with the Corporate Law and the Corporate Law Enforcement Regulations, and appointed a Director or Directors who are in charge of internal control system. The summary and status of such systems are as follows.

i) Systems to ensure efficient and management of business activities by the Directors

- a. The Company has a Board of Directors, which decides material business activities of the Company and oversees the activities of the individual Directors. In addition, Statutory Auditors who comprise the Board of Auditors audit the activities of the Directors.
- b. The Company's Board of Directors is relatively small, so it is structured with a transparent and logical system of delegation is implemented, by which the authority to perform business activities are properly delegated to corporate officers and other employees.
- c. The Company uses a proven system of an Executive Committee where key issues such as business strategies, important transactions and investments are reviewed and discussed, as well as other committee meetings where operational business issues are reviewed and discussed.
- d. For review and discussion of the regional and specific business area operations, the Company utilizes Management Committees.
- e. In order to promote cross functional activities, cross functional teams - CFTs - are organized. CFTs detect problems and challenge and propose solutions to line organizations.
- f. The Company implements an objective and transparent Delegation of Authority procedure for the purpose of speeding up and clarifying the decision making processes as well as ensuring consistent decisions.
- g. The Company ensures the efficient and effective management of its business by determining and sharing management policy and business direction through establishment of the mid-term management plan and the annual business plan.

ii) Systems to ensure compliance of Directors' and employees' activities with Laws and articles of association

- a. The Company implements the "Global Code of Conduct", which explains acceptable behaviors of all employees working at the group companies of the Company worldwide and promotes understanding of our rules of conduct.
- b. In order to ensure rigorous and strict compliance with the code of conduct, the Company and its group companies offer educational programs such as an e-learning system.
- c. With regard to members of the Board of Directors as well as corporate officers of the Company, the Company establishes "Guidance for Directors and Corporate Officers regarding Compliance", which explains the acceptable behaviors of the members of the Board of Directors and the corporate officers.
- d. The Company stands firm and take appropriate actions against anti-social forces or groups. If any Director, corporate officer or employee is approached by such forces or groups, the said individual shall promptly report such matter to his/her superiors and specific committee, and shall follow their instructions.

- e. All Directors, corporate officers and employees are encouraged to use good conduct, and to neither directly nor indirectly, be involved in any fraud blackmail or other improper or criminal conduct. In cases of becoming aware of any such impropriety or illegal activity, or the risk thereof, in addition to acting resolutely against it, he/she shall promptly report such matter to his/her respective superiors and specific committee, and shall follow their instructions.
 - f. For the purpose of monitoring and ensuring compliance with the code of conduct, the Company establishes the Global Compliance Committee.
 - g. The Company implements a hotline system with internal and external points of contact, by which the employees are able to submit their opinions, questions and requests, as well as report an act that may be suspected as a violation of compliance, freely and directly to the Company's management.
 - h. The Company is committed to continually implementing relevant company rules, including, for example, the "Global Rules for the Prevention of Insider Trading" and the "Rules for the Protection of Personal Information". The Company continually offers education programs to employees as part of its program to promote the understanding and compliance with such corporate rules.
 - i. The Company is committed to improve and enhance the internal control systems to ensure accuracy and reliability of its financial reports in accordance with the Financial Instruments and Exchange Law together with its related rules and standards.
 - j. The Company establishes a department specialized in internal audit for the purpose of regularly monitoring the Company and Group companies' businesses and their compliance with laws, their respective articles of association and the codes of corporate conduct.
 - k. Diverse activities related to the Renault-Nissan alliance including those regarding the jointly operated functions are conducted under the direction and oversight of the Board of Directors, the Executive Committee and the relevant Corporate Officers of the Company. The relevant decision making is conducted based on the "Delegation of Authority" procedures by the Board of Directors, the relevant Corporate Officers or employees of the Company in accordance with the applicable laws and regulations.
- iii) Rules and systems for proper management of risk and loss
- a. The Company minimizes the possibility of occurrences of risk and, if they occur, mitigates the magnitude of losses by sensing such risks as early as possible and implementing appropriate countermeasures. In order to achieve such objectives, the Company and its Group companies implement the "Global Risk Management Policy."
 - b. Management of material company-wide risks is assigned primarily to the members of the Risk Management Committee, who are responsible to implement necessary measures such as preparing relevant risk management manual.
 - c. Concerning the management of other specific business risks beyond those supervised directly by the Risk Management Committee, they are handled by each manager in the business function who will evaluate, prepare and implement the necessary measures to minimize such risks.
- iv) Systems to ensure accurate records and the retention of information of Directors' execution of business
- a. The Company prepares full and accurate minutes of meetings of the Board of Directors of the Company in accordance with laws and the board regulations and ensures they are retained and managed in a secure environment.
 - b. In performing business activities by various divisions and departments, matters to be decided pursuant to the "Delegation of Authority" are decided by either electronic system or written documents, and are retained and managed either electronically or in writing.
 - c. While the departments in charge are responsible for proper and strict retention and management of such information, Directors, Statutory Auditors and others of the Company have access to any records as required for the purpose of performing their business activities.
 - d. The Company works to streamline the "Information Security Policy" and a "Global Information Management Policy," enhance proper and strict retention and management of information and prevent improper use of information and unintended disclosure of such information. Furthermore, the Company has an Information Security Committee which is engaged in overall management of information security in the Company and makes decisions on information security matters.
- v) Systems to ensure proper and legitimate business activities of the group companies
- (A) Systems to ensure the efficient execution and management of business activities by Directors of the group companies
- a. The Company establishes various Management Committees which are trans-group organizations in order to ensure proper, efficient and consistent Group management.
 - b. In management committee meetings, the Company provides group companies with important information and shares with them management policies; this ensures that the business decisions of all group companies are made efficiently and effectively.
 - c. The group companies implement an objective and transparent Delegation of Authority procedures.
- (B) Systems to ensure compliance of activities of Directors and employees of the group companies to laws and regulations and articles of association
- a. Group companies implement each company's code of conduct in line with the Global Code of Conduct, establish a compliance committee and ensure full compliance with all laws and our corporate code of conduct. The Global Compliance Committee regularly monitors these companies and works to ensure further strict compliance with laws, the articles of association and the corporate behavior. In addition, group companies implement a hotline system which ensures that employees are able to directly communicate to the group company or to the Company directly their opinions, questions and requests.

- b. The internal audit department of the Company periodically carries out local audits on the business of group companies for the purpose of monitoring and confirming legal compliance, relevant articles of association as well as management of business risks. Major group companies establish their own internal audit departments and perform internal audits under the supervision of the Company's internal audit department.
 - c. The Company's Statutory Auditors and group companies' Statutory Auditors have periodic meetings to share information and exchange opinion for the purpose of ensuring effective auditing of the group companies.
 - d. In particular, the scope and frequency of internal audits and other monitoring activities on the business of the group companies may vary reasonably because of, for example the size, nature of the business, and materiality of such group companies.
- (C) Rules and systems for proper management of risk and loss of the group companies
- a. The group companies implement the Global Risk Management Policy.
 - b. Management of risks related to the group companies that might have an impact on the entire Group is assigned mainly to the members of the Risk Management Committee, who are responsible to implement specific measures.
 - c. Concerning the management of other risks related to the group companies, each group company is responsible to monitor, manage and implement the necessary measures to minimize such risks.
- (D) Systems for Directors of the group companies to report business activities to the Company
- The Company requests the group companies to report and endeavors to maintain certain important business matters of the group companies, through multiple routes, including, (i) the systems stated in (A) through (C) above and (ii) relations and cooperation between each function of the Company and the corresponding function of the other group companies.
- vi) Organization of employee(s) supporting the Company's Statutory Auditors, systems showing their independence from the Company's Directors, and systems to ensure effectiveness of the Company's Statutory Auditors' instruction to them
- a. The Company has the Auditors' Office to support the activities of the Company's Statutory Auditors. Dedicated manager(s) is assigned and performs his/her duties under the supervision and responsibility of the Statutory Auditors.
 - b. The Statutory Auditors make appraisal of dedicated manager's performance, and his/her move to another department and his/her disciplinary action are subject to prior approval of the Board of Statutory Auditors.
- vii) Systems to report business issues to the Company's Statutory Auditors and systems to ensure to prevent disadvantageous treatment of those who made such report
- (A) Systems for the Company's Directors and employees to report business issues to the Company's Statutory Auditors
- a. The Company's Statutory Auditors determine their annual audit plan and perform their audit activities in accordance with that plan. The annual audit plan includes schedules of reports by various divisions. Directors and employees make reports in accordance with the annual audit plan.
 - b. When the Company's Directors detect any incident which could have a materially negative impact on the Company, they are required to immediately report such incidents to the Company's Statutory Auditors.
 - c. In addition, the Company's Directors and employees are required to make an ad-hoc report to the Company's Statutory Auditors regarding the situation of business activities when so requested.
 - d. The internal audit department periodically reports to the Company's Statutory Auditors its internal audit plan and the results of the internal audits performed.
- (B) Systems for Directors, Statutory Auditors and employees of the group companies and those who received a report from the group companies to report business issues to the Company's Statutory Auditors
- a. The Company's Statutory Auditors and group companies' Statutory Auditors have periodic meetings to share information and exchange opinions for the purpose of ensuring effective auditing of group companies and group companies' Statutory Auditors report the matters which could affect the entire group and other matters to the Company's Statutory Auditors.
 - b. Directors and employees of the group companies promptly make a report to the Company's Statutory Auditors regarding the situation of business activities when so requested by the Company's Statutory Auditors.
 - c. The Company's Directors and employees (including, those in the internal audit department), as stated in (A) of this Section, report to the Company's Statutory Auditors business activities of each group company reported through the systems mentioned in Section v) above.
- (C) Systems to ensure to prevent disadvantageous treatment of those who made a report as stated in (A) and (B) above on the basis of making such report
- The Company prohibits disadvantageous treatment of those who made a report as stated in i) and ii) above on the basis of making such report. The Company takes the necessary measures to protect those who made such report and takes strict actions, including, disciplinary actions, against Directors and employees of the Company and its group companies who gave disadvantageous treatment to those who made such report.
- viii) Policy for payment of expenses or debt with respect to the Company's Statutory Auditors' execution of their duties, including the procedures of advancement or reimbursement of expenses
- In accordance with Corporate Law, the Company promptly makes advance payment of expenses or makes payment of debt with regard to the Company's Statutory Auditors' execution of their duties if so requested by the Statutory Auditors except where it proves that the expense or debt relating to such request is not necessary for the execution of the duties of the Statutory Auditors. Every year the Company establishes a budget with regard to the Company's Statutory Auditors' execution of their duties for the amounts deemed necessary.

- ix) Systems to ensure effective and valid auditing by the Company's Statutory Auditors
 - a. At least 50% of the Company's Statutory Auditors are Outside Statutory Auditors to ensure effective and independent auditing. The Statutory Auditors hold periodical meetings in order to exchange and share information and their respective opinions. Ad-hoc meetings are also held whenever deemed necessary.
 - b. The Statutory Auditors have periodical meetings with Representative Directors (including the President) and exchange views and opinions.

(3) Outline of the limited liability contract (Agreement set forth in Article 427, Paragraph 1, of the Corporate Law)

The Company's articles of association stipulates that the Company may enter into the agreement with Directors (excluding Executive Directors and the like) and Statutory Auditors limiting their liability as prescribed in Article 423, Paragraph 1 of the Corporate Law and, pursuant to the said agreement, the liability limit shall be ¥5 million or the statutory minimum, whichever is higher. According to this Article, the Company entered into the said agreement with three (3) Directors (excluding Executive Directors and the like) and four (4) Statutory Auditors.

b) Internal audits and corporate audits by the Statutory Auditors

The Company has the global internal audit function (14 persons in the Company and approximately 90 persons globally), an independent group, to handle internal auditing tasks. Under the control of the Chief Internal Audit Officer, audit teams set up in each region carry out efficient, effective auditing of the Company's activities on a group-wide and global basis.

Audits are conducted based on the audit plans, which have been approved by the Executive Committee, and the audit results are reported to the relevant corporate officers related to the audits. The audit results are regularly reported to the Statutory Auditors.

Each Statutory Auditor oversees the execution of duties of the respective Directors in compliance with the Company's audit standard and guidelines as stipulated by the Board of Statutory Auditors. In addition, the Company has set up the Statutory Auditors' Office, the staff of which assists the Statutory Auditors in conducting their duties. The Statutory Auditors oversee the execution of the Directors' duties by attending the Board of Directors' meetings and other significant meetings and hearing from the Directors on their business reports regularly and whenever necessary. The Statutory Auditors also meet regularly with the Representative Directors to exchange opinions on wide range of issues. The Statutory Auditors Motoo Nagai, Tetsunobu Ikeda and Shigetoshi Andoh have years of experience of working for a financial institution, and have an extensive knowledge of finance and accounting.

The Board of Statutory Auditors endeavors to enhance audit efficiency by sharing information among the Statutory Auditors. The Statutory Auditors also receive regular reports on the results of inspections and audit plans from, and exchange opinions with, the internal audit department. Such information is taken into consideration for statutory audit. In addition, the Statutory Auditors receive similar reports from the independent auditors, as well as detailed explanations on the status of the quality control of internal audits, to confirm whether their oversight is at a suitable level. There is no difference or distinction between Outside Statutory Auditors and other Statutory Auditors with regard to the auditing system of Statutory Auditors and their mutual collaboration with relevant internal control departments and the independent Auditors.

c) Outside Directors and Outside Statutory Auditors

The Company has three (3) Outside Directors and three (3) Outside Statutory Auditors.

There are no special relations of interest between each Outside Director and the Company.

Jean-Baptiste Duzan once served as Senior Vice President of Renault. There is an agreement entered into by and between Renault and the Company with regard to an overall alliance in the automobile business including equity participation. At the end of the current fiscal year, Renault held 43.4% of the Company's shares (number of shares held as a percentage of total shares issued) and the Company held 15.0% of Renault's shares (number of shares held as a percentage of total shares issued, including those under indirect shareholdings). In addition, one (1) incumbent board member concurrently serves as Director at the Company and Renault, and two (2) ex-officers of Renault serve as Director of the Company. Although the Company and Renault had transactions such as selling and purchasing automotive parts for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no other relations of interest between Renault and the Company.

Outside Director Masakazu Toyoda is the Chairman & CEO of the Institute of Energy Economics, Japan. Although the Institute of Energy Economics, Japan, and the Company had transactions for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no other relations of interest between the Institute of Energy Economics, Japan, and the Company.

The Company has appointed Jean-Baptiste Duzan as Outside Director assuming that he would give valuable advice on the Company's businesses based on the broad and sophisticated perspective from his abundant experience as a manager and his wide-ranging insight.

Outside Director Keiko Ihara has played active roles in various international motor races as a well-known female racecar driver and has been actively engaged in the development of the automobile industry and human resource development through motor sports. She has also provided suggestions and engaged in activities related to a variety of fields such as education, the environment and future mobility as a council member and policy advisor for governmental and municipal agencies by capitalizing on the female perspective. The Company has appointed Keiko Ihara as Outside Director judging that her knowledge is extremely valuable to the Company's management and will lead to the further growth of the Company.

Outside Director Masakazu Toyoda successively held important posts including Vice-Minister for International Affairs, METI, and Special Advisor to the Cabinet, and therefore has abundant experience and knowledge in diverse fields such as the economy, international trade and energy, as well as a track record of giving managerial advice to many corporations. The Company has appointed Masakazu Toyoda as Outside Director judging that his objective and sophisticated expertise is extremely valuable to the Company's management and will lead to the further growth of the Company.

There are no special relations of interest between each Outside Statutory Auditor and the Company.

Outside Statutory Auditor Motoo Nagai is currently an Outside Director of ORGANO CORPORATION and an Outside Statutory Auditor of Nisshin Seifun Group Inc. (Holding Company), and was once the Managing Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.), and the Deputy President (Executive Officer and Director) of Mizuho Trust & Banking Co., Ltd. Although ORGANO CORPORATION and the Company had transactions for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no relations of interest between Nisshin Seifun Group Inc. (Holding Company) and the Company. Although Mizuho Bank, Ltd., and the Company had transactions such as cash in banks or borrowings for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. Although Mizuho Trust & Banking Co., Ltd., and the Company had transactions such as cash in banks and others for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no other relations of interest between ORGANO CORPORATION, Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., and the Company.

Outside Statutory Auditor Tetsunobu Ikeda was once a Representative Director of The Bank of Yokohama, Ltd., Representative Director and President of Hamagin Tokai Tokyo Securities Co., Ltd., and Representative Director and President of Sky Ocean Asset Management Co., Ltd. Although The Bank of Yokohama, Ltd., and the Company had transactions such as cash in banks or borrowings for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no other relations of interest between The Bank of Yokohama, Ltd., and the Company. There are no relations of interest between Hamagin Tokai Tokyo Securities Co., Ltd., and Sky Ocean Asset Management Co., Ltd., and the Company.

Outside Statutory Auditor Shigetoshi Andoh was once the Chairman of Hitachi Zosen Corporation. There are no relations of interest between Hitachi Zosen Corporation and the Company.

The Company has appointed them as Outside Statutory Auditors judging that they will perform their duties based on a broad and sophisticated perspective given their abundant experience and wide-ranging insight as managers.

The number of the Company's shares owned by each of the Outside Director and Statutory Auditors is stated in "5. Members of the Board of Directors and Statutory Auditors".

The Company endeavors to appoint and ensure highly independent Outside Directors and Statutory Auditors who would have no conflicts of interest with ordinary shareholders with reference to the standards regarding the independency of independent directors and auditors at the Tokyo Stock Exchange (the standards set forth in III 5. (3)-2 in the "Guidelines on Listing Management, etc."), although the Company has not specifically stipulated standards or guidelines regarding independency from the Company for the purpose of designating Outside Directors and Statutory Auditors.

d) Compensation paid to Directors and Statutory Auditors

Compensation paid to the Company's Directors consists of an amount of remuneration in cash and share appreciation rights (SARs) as resolved at the 104th annual shareholders' meeting held on June 19, 2003. The cash remuneration is limited to a maximum of ¥2,990 million per annum as resolved at the 109th annual shareholders' meeting held on June 25, 2008. The amount to be paid to each Director is determined in function of the Director's contributions to Company performance and in reference to a regular benchmarking of executive pay of a peer group of large multi-national companies conducted by the Company's compensation consultant, Towers Watson.

Directors are eligible to earn SARs as an incentive to boost in a sustainable way the profitable growth of the Company. To earn the SARs for which they are eligible Directors must achieve objectives that are directly related to achievement of the Company's business plan. This incentive is limited to the equivalent of up to 6 million shares of the Company's common stock per annum as resolved at the 114th annual shareholders' meeting held on June 25, 2013.

The remuneration paid to the Statutory Auditors is limited to a yearly amount of ¥220 million as resolved at the 117th annual shareholders' meeting held on June 22, 2016. This compensation is designed within this limit to promote stable and transparent auditing.

For the current fiscal year, the amounts disbursed to the Directors and the Statutory Auditors were as follows:

<Total remuneration by each position>

(Millions of yen)

Category	Total Remuneration	Basic Remuneration	SAR	Numbers
Directors (except for Outside Directors)	1,654	1,564	90	8
Statutory Auditors (except for Outside Statutory Auditors)	101	101	—	2
Outside Directors and Outside Statutory Auditors	102	102	—	4

<Individuals whose remuneration exceeds ¥100 million>

(Millions of yen)

Name	Position	Category	Total Remuneration	Basic Remuneration	SAR
Carlos Ghosn	Director	The Company	735	735	—
Hiroto Saikawa	Director	The Company	499	499	—

Note: The above mentioned amount of share appreciation rights (SAR) is the expense recorded based on the fair value, calculated by using the share price as of March 31, 2018. Payment is not fixed with the fair value.

<The procedures to determine the amount of remuneration>

Compensation of each Director is based on each Director's compensation contracts, performance, and benchmarks of executive pay surveys conducted by the Company's compensation consultants, which is then consulted with the representative directors and approved by the chairman of the Board of the Company.

e) Status of stocks held

i) Stocks for investment held for any purposes other than pure investment purpose

Number of stocks: 38

Total of the amounts recorded in the balance sheet: ¥154,946 million

ii) Holding classification, stocks, number of shares held, amount recorded in the balance sheet and holding purpose of the stocks for investment held for any purposes other than pure investment purposes

(Prior fiscal year)

Specific stocks for investment

Stocks	Number of shares held by the Company	Amount recorded in the balance sheet (Millions of yen)	Holding Purpose
Daimler AG	16,448,378	136,131	Maintain a strategic cooperative relationship
Tan Chong Motor Holdings Berhad	37,333,324	1,710	Maintain a relationship in manufacturing and sales
Star Flyer Inc.	60,000	213	Maintain a trade relationship
MITSUBA Corporation	729	1	Maintain a relationship in automotive parts supply

Note: There are four (4) applicable specific stocks for investment inclusive of those for which the amount recorded in the balance sheet is less than one-hundredth (1/100) of common stock.

“Amount recorded in the balance sheet” of Tan Chong Motor Holdings Berhad and the following two (2) companies is less than one-hundredth (1/100) of common stock.

Stocks subject to deemed holding

Stocks	Number of shares held by the Company	Amount recorded in the balance sheet (Millions of yen)	Holding purpose
Renesas Electronics Corporation	25,000,000	29,175	Contribute to retirement benefit trust, Reserve the voting rights by instruction
IBJ Leasing Company, Limited	1,750,000	4,158	Contribute to retirement benefit trust, Reserve the voting rights by instruction
MITSUBA Corporation	1,742,000	3,811	Contribute to retirement benefit trust, Reserve the voting rights by instruction

(Current fiscal year)

Specific stocks for investment

Stocks	Number of shares held by the Company	Amount recorded in the balance sheet (Millions of yen)	Holding Purpose
Daimler AG	16,448,378	148,346	Maintain a strategic cooperative relationship
Tan Chong Motor Holdings Berhad	37,333,324	1,725	Maintain a relationship in manufacturing and sales
Star Flyer Inc.	60,000	290	Maintain a trade relationship
MITSUBA Corporation	729	0	Maintain a relationship in automotive parts supply

Note: There are four (4) applicable specific stocks for investment inclusive of those for which the amount recorded in the balance sheet is less than one-hundredth (1/100) of common stock.

“Amount recorded in the balance sheet” of Tan Chong Motor Holdings Berhad and the following two (2) companies is less than one-hundredth (1/100) of common stock.

Stocks subject to deemed holding

Stocks	Number of shares held by the Company	Amount recorded in the balance sheet (Millions of yen)	Holding purpose
IBJ Leasing Company, Limited	1,750,000	5,250	Contribute to retirement benefit trust, Reserve the voting rights by instruction
MITSUBA Corporation	1,742,000	2,381	Contribute to retirement benefit trust, Reserve the voting rights by instruction

iii) Stocks for investment held solely for investment purpose

Not applicable

f) Audit of financial statements

The Company appoints Ernst & Young ShinNihon LLC as its independent auditors. The Certified Public Accountants engaged in the audit of financial statements are as follows:

The name of the Certified Public Accountants engaged in the financial statement audit	
Designated Liability-Limited and Engagement Partner	Yoji Murohashi
Designated Liability-Limited and Engagement Partner	Takeshi Hori
Designated Liability-Limited and Engagement Partner	Koji Fujima
Designated Liability-Limited and Engagement Partner	Masayuki Nakamura

※As the years of continuous service in audit are less than seven years for all the Certified Public Accountants, the relevant statement is omitted.

※Ernst & Young ShinNihon LLC has taken its own autonomous measures so that each Engagement Partner is not involved in the audit of the Company's financial statements for a period over a predetermined tenure.

Assistants to the audit of the financial statements were 33 Certified Public Accountants and 78 others, including successful applicants who have passed the Certified Public Accountants examination and system specialists.

g) Requisite number of Directors

The Company stipulates in its articles of association that not less than six (6) Directors shall be elected.

h) Requirement of a resolution for electing Directors

The Company stipulates in its articles of association that a resolution for the election of Directors shall be adopted by a majority vote of shareholders present holding not less than one-third (1/3) of the shares with voting rights held by shareholders entitled to exercise their voting rights, with regard to the requirement of a resolution for electing Directors.

i) Decision-making organization for payment of interim dividends

The Company has determined in its articles of association that the Company may, upon resolution by the Board of Directors, distribute interim dividends so that the Company may flexibly distribute profits to shareholders.

j) Decision-making organization for acquisition of the Company's shares

The Company has determined in its articles of association that the Company may acquire its own shares through market transactions by a resolution of the Board of Directors as stipulated in Article 165, Paragraph 2 of the Corporate Law, so that the Company can conduct flexible and agile capital policies.

k) Exemption from liabilities of the Directors and the Statutory Auditors

The Company has determined in its articles of association, as stipulated in Article 426, Paragraph 1 of the Corporate Law, that the Company may, by a resolution of the Board of Directors, release Directors (including ex-Directors) and Statutory Auditors (including ex-Statutory Auditors) from liabilities as stipulated in Article 423, Paragraph 1 of the Corporate Law, to the extent permitted by laws and regulations, so that they can fully demonstrate their roles expected in executing their duties.

(2) Content of audit fee

a) Content of the remuneration to the Certified Public Accountants engaged in the financial statements audit

(Millions of yen)

Category	Prior fiscal year		Current fiscal year	
	Remuneration to be paid for auditing and attestation	Remuneration to be paid for non-audit services	Remuneration to be paid for auditing and attestation	Remuneration to be paid for non-audit services
The Company	506	4	520	4
Consolidated subsidiaries	397	11	254	18
Total	903	15	774	22

b) Content of other important remuneration

(Prior fiscal year)

Several overseas consolidated subsidiaries paid a total of ¥2,139 million as the remuneration to be paid for auditing and attestation and ¥112 million as the remuneration to be paid for non-audit services to respective Ernst & Young auditing firms that belong to the global Ernst & Young network, of which Ernst & Young ShinNihon LLC is a group member.

(Current fiscal year)

Several overseas consolidated subsidiaries paid a total of ¥2,087 million as the remuneration to be paid for auditing and attestation and ¥362 million as the remuneration to be paid for non-audit services to respective Ernst & Young auditing firms that belong to the global Ernst & Young network, of which Ernst & Young ShinNihon LLC is a group member.

c) Content of the non-audit services provided by the Certified Public Accountants engaged in the financial statement audit to the submitter of this Securities Report (the Company)

(Prior fiscal year)

The Company pays remuneration for the non-audit services provided by the Certified Public Accountants regarding their advice on translation into English of the materials for disclosure and so forth.

(Current fiscal year)

The Company pays remuneration for the non-audit services provided by the Certified Public Accountants regarding their advice on translation into English of the materials for disclosure and so forth.

d) Policy on determining the audit fee

Audit fee is appropriately determined with due consideration for audit plan, audit scope, the time necessary for audit and so forth, having the Board of Statutory Auditors' consent, not to spoil the independency of the Certified Public Accountants engaged in the financial statements audit.

5. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the Ministry of Finance Ordinance No. 28, 1976 “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (hereinafter the “Regulations for Consolidated Financial Statements”).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ministry of Finance Ordinance No. 59, 1963 “Regulations Concerning the Terminology, Forms and Preparation Methods of Non-Consolidated Financial Statements” (hereinafter the “Regulations for Non-Consolidated Financial Statements”).

As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulations for Non-Consolidated Financial Statements.

2. Auditing and attestation

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018) were audited by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law.

3. Particular efforts to secure the appropriateness of the consolidated financial statements

(1) To ensure correct understanding of and to correspond appropriately to any changes in accounting standards, etc., the Company gathers information by acquiring membership in the Financial Accounting Standards Foundation and other means.

(2) To properly prepare consolidated financial statements and other documents according to the accounting principles generally accepted as fair and reasonable in Japan, the Company improves its internal regulations and ensures that these regulations are disseminated and observed.

(3) To prepare financial reports in accordance with the International Financial Reporting Standards (IFRSs), the Company has developed unified accounting standards for the Group for circulation among its consolidated companies and supplements these standards by providing information on important accounting matters that require particular attention. This information is accessible to said companies whenever necessary as a guide for preparing their financial reports. Currently, the Company’s consolidated companies prepare their financial reports for consolidation in accordance with the IFRSs as part of the reports submitted to the Company. These reports are reviewed through analytical and other methods by the Company’s accounting managers, who have specialized expertise on the IFRSs, and any reports found imperfect must be corrected and resubmitted.

The Group’s unified accounting standards are regularly updated to reflect any relevant revisions to the IFRSs. In addition, the Company ensures that its consolidated companies are kept informed of such updates and, regarding particularly important revisions, prepares accounting instructions and educates the accounting personnel of the consolidated companies as needed. As a part of the activities, the accounting personnel participates IFRSs seminars organized by audit firms and other organizations, thereby accumulating specialized expertise within the Company.

The Company responds to the invitation for public comments on exposure drafts conducted by the International Accounting Standards Board (IASB) and attends the meetings of the Global Preparers Forum, an advisory body to the IASB, thereby keeping on top of forthcoming revisions to the IFRSs. The Company’s opinion from the viewpoint of a preparer of financial statements has contributed to the preparation, revision and global expansion of the IFRSs.

1. Consolidated Financial Statements

(1) Consolidated financial statements

① Consolidated balance sheets

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)		Current fiscal year (As of March 31, 2018)	
Assets				
Current assets				
Cash on hand and in banks		1,122,484		1,134,838
Trade notes and accounts receivable		808,981		739,851
Sales finance receivables	※3,※6	7,340,636	※3,※6	7,634,756
Securities		121,524		71,200
Merchandise and finished goods		911,553		880,518
Work in process		73,409		91,813
Raw materials and supplies		288,199		318,218
Deferred tax assets		156,457		152,452
Other	※6	746,650	※6	775,771
Allowance for doubtful accounts		(107,344)		(116,572)
Total current assets		11,462,549		11,682,845
Fixed assets				
Property, plant and equipment				
Buildings and structures, net		609,769		600,675
Machinery, equipment and vehicles, net	※2	3,342,305	※2	3,392,134
Land		599,626		598,780
Construction in progress		177,394		209,237
Other, net		546,127		464,808
Total property, plant and equipment	※1,※3	5,275,221	※1,※3	5,265,634
Intangible fixed assets	※4	127,807	※4	128,782
Investments and other assets				
Investment securities	※5	1,158,676	※5	1,264,532
Long-term loans receivable		16,036		12,654
Net defined benefit assets		8,456		10,552
Deferred tax assets		176,354		175,940
Other		197,757		207,764
Allowance for doubtful accounts		(1,848)		(1,802)
Total investments and other assets		1,555,431		1,669,640
Total fixed assets		6,958,459		7,064,056
Total assets		18,421,008		18,746,901

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,578,594	1,646,638
Short-term borrowings	※3 980,654	※3 802,952
Current portion of long-term borrowings	※3 1,339,982	※3 1,152,719
Commercial papers	430,019	402,918
Current portion of bonds	368,101	396,637
Lease obligations	31,565	25,766
Accrued expenses	1,112,591	1,114,053
Deferred tax liabilities	2	2
Accrued warranty costs	110,086	115,568
Other	1,102,626	1,087,133
Total current liabilities	7,054,220	6,744,386
Long-term liabilities		
Bonds	1,493,159	1,887,404
Long-term borrowings	※3 3,103,803	※3 3,053,712
Lease obligations	20,398	16,248
Deferred tax liabilities	601,398	395,026
Accrued warranty costs	128,394	120,210
Net defined benefit liability	369,346	352,861
Other	※7 483,154	※7 488,319
Total long-term liabilities	6,199,652	6,313,780
Total liabilities	13,253,872	13,058,166
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	817,464	815,913
Retained earnings	4,349,136	4,908,747
Treasury stock	(140,697)	(139,970)
Total shareholders' equity	5,631,717	6,190,504
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	57,778	68,179
Unrealized gain and loss from hedging instruments	7,154	9,537
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Translation adjustments	(687,841)	(733,571)
Remeasurements of defined benefit plans	(133,016)	(135,967)
Total accumulated other comprehensive income	(769,870)	(805,767)
Share subscription rights	391	84
Non-controlling interests	304,898	303,914
Total net assets	5,167,136	5,688,735
Total liabilities and net assets	18,421,008	18,746,901

② Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

	(Millions of yen)			
	Prior fiscal year		Current fiscal year	
	(From April 1, 2016 To March 31, 2017)		(From April 1, 2017 To March 31, 2018)	
Net sales		11,720,041		11,951,169
Cost of sales	※1,※2	9,422,551	※1,※2	9,814,001
Gross profit		2,297,490		2,137,168
Selling, general and administrative expenses				
Advertising expenses		313,406		304,328
Service costs		79,125		74,569
Provision for warranty costs		131,059		122,135
Other selling expenses		251,378		251,593
Salaries and wages		402,202		410,156
Retirement benefit expenses		20,809		17,883
Supplies		4,083		4,413
Depreciation and amortization		50,773		53,928
Provision for doubtful accounts		88,550		90,461
Amortization of goodwill		1,818		1,057
Other		212,059		231,885
Total selling, general and administrative expenses	※1	1,555,262	※1	1,562,408
Operating income		742,228		574,760
Non-operating income				
Interest income		15,868		21,092
Dividends income		9,416		6,663
Equity in earnings of affiliates		148,178		205,645
Derivative gain		33,419		—
Miscellaneous income		20,914		15,938
Total non-operating income		227,795		249,338
Non-operating expenses				
Interest expense		14,128		12,670
Derivative loss		—		5,001
Exchange loss		65,289		26,772
Credit liquidation costs		10,906		13,854
Miscellaneous expenses		14,967		15,499
Total non-operating expenses		105,290		73,796
Ordinary income		864,733		750,302

(Millions of yen)

	Prior fiscal year		Current fiscal year	
	(From April 1, 2016 To March 31, 2017)		(From April 1, 2017 To March 31, 2018)	
Special gains				
Gain on sales of fixed assets	※3	7,114	※3	10,408
Gain on sales of shares of subsidiaries and affiliates		111,502		—
Gain on transfer of business		9,788		—
Other		8,663		2,184
Total special gains		137,067		12,592
Special losses				
Loss on sales of fixed assets	※4	9,256	※4	4,149
Loss on disposal of fixed assets		11,253		10,644
Loss on sales of investment securities		3,865		259
Impairment loss	※5	5,532	※5	16,166
Compensation for supplier investment		—		13,612
Other		6,737		7,321
Total special losses		36,643		52,151
Income before income taxes		965,157		710,743
Income taxes-current		275,818		140,571
Income taxes-deferred		(11,179)		(193,485)
Total income taxes		264,639		(52,914)
Net income		700,518		763,657
Net income attributable to non-controlling interests		37,019		16,765
Net income attributable to owners of parent		663,499		746,892

Consolidated statements of comprehensive income

	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Net income	700,518	763,657
Other comprehensive income		
Unrealized holding gain and loss on securities	(4,172)	8,359
Unrealized gain and loss from hedging instruments	11,532	2,563
Translation adjustments	(98,614)	(77,501)
Remeasurements of defined benefit plans	31,740	3,933
The amount for equity method company portion	(25,054)	39,327
Total other comprehensive income	※1 (84,568)	※1 (23,319)
Comprehensive income	615,950	740,338
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	585,880	721,255
Comprehensive income attributable to non-controlling interests	30,070	19,083

③ Consolidated statements of changes in net assets

Prior fiscal year (From April 1, 2016 To March 31, 2017)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	805,646	4,150,740	(148,684)	5,413,516	64,030	(4,486)
Changes of items during the period							
Cash dividends paid			(182,803)		(182,803)		
Net income attributable to owners of parent			663,499		663,499		
Purchase of treasury stock				(277,859)	(277,859)		
Disposal of treasury stock		11,835		7,284	19,119		
Retirement of treasury stock		(17)	(278,545)	278,562	—		
Changes in the scope of consolidation			40		40		
Changes in the scope of equity method			(3,795)		(3,795)		
Net changes of items other than those in shareholders' equity						(6,252)	11,640
Total changes of items during the period		11,818	198,396	7,987	218,201	(6,252)	11,640
Balance at the end of current period	605,814	817,464	4,349,136	(140,697)	5,631,717	57,778	7,154

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	(13,945)	(582,363)	(155,487)	(692,251)	502	418,978	5,140,745
Changes of items during the period							
Cash dividends paid							(182,803)
Net income attributable to owners of parent							663,499
Purchase of treasury stock							(277,859)
Disposal of treasury stock							19,119
Retirement of treasury stock							—
Changes in the scope of consolidation							40
Changes in the scope of equity method							(3,795)
Net changes of items other than those in shareholders' equity		(105,478)	22,471	(77,619)	(111)	(114,080)	(191,810)
Total changes of items during the period		(105,478)	22,471	(77,619)	(111)	(114,080)	26,391
Balance at the end of current period	(13,945)	(687,841)	(133,016)	(769,870)	391	304,898	5,167,136

Current fiscal year (From April 1, 2017 To March 31, 2018)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	817,464	4,349,136	(140,697)	5,631,717	57,778	7,154
Changes of items during the period							
Cash dividends paid			(197,541)		(197,541)		
Net income attributable to owners of parent			746,892		746,892		
Purchase of treasury stock				(730)	(730)		
Disposal of treasury stock		232		1,457	1,689		
Change in subsidiaries' interests by purchase of its treasury stock		1,040			1,040		
Change in an affiliated company's interests in its subsidiary		(2,823)			(2,823)		
Change in US GAAP (ASU2018-02) in relation to the Tax Cuts and Jobs Act			10,260		10,260		
Net changes of items other than those in shareholders' equity						10,401	2,383
Total changes of items during the period		(1,551)	559,611	727	558,787	10,401	2,383
Balance at the end of current period	605,814	815,913	4,908,747	(139,970)	6,190,504	68,179	9,537

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	(13,945)	(687,841)	(133,016)	(769,870)	391	304,898	5,167,136
Changes of items during the period							
Cash dividends paid							(197,541)
Net income attributable to owners of parent							746,892
Purchase of treasury stock							(730)
Disposal of treasury stock							1,689
Change in subsidiaries' interests by purchase of its treasury stock							1,040
Change in an affiliated company's interests in its subsidiary							(2,823)
Change in US GAAP (ASU2018-02) in relation to the Tax Cuts and Jobs Act			(10,260)	(10,260)			—
Net changes of items other than those in shareholders' equity		(45,730)	7,309	(25,637)	(307)	(984)	(26,928)
Total changes of items during the period		(45,730)	(2,951)	(35,897)	(307)	(984)	521,599
Balance at the end of current period	(13,945)	(733,571)	(135,967)	(805,767)	84	303,914	5,688,735

④ Consolidated statements of cash flows

(Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Cash flows from operating activities		
Income before income taxes	965,157	710,743
Depreciation and amortization (for fixed assets excluding leased vehicles)	391,798	388,427
Depreciation and amortization (for long term prepaid expenses)	22,910	31,264
Depreciation and amortization (for leased vehicles)	426,349	469,540
Impairment loss	5,532	16,166
Increase (decrease) in allowance for doubtful receivables	22,959	12,558
Provision for residual value risk of leased vehicles (net changes)	63,049	40,716
Interest and dividends income	(25,284)	(27,755)
Interest expense	119,310	168,206
Equity in losses (earnings) of affiliates	(148,178)	(205,645)
Loss (gain) on sales of fixed assets	2,142	(6,259)
Loss on disposal of fixed assets	11,253	10,644
Loss (gain) on sales of investment securities	3,865	(53)
Loss (gain) on sales of shares of subsidiaries and affiliates	(111,502)	—
Loss (gain) on transfer of business	(9,788)	—
Decrease (increase) in trade notes and accounts receivable	(42,584)	73,149
Decrease (increase) in sales finance receivables	(765,894)	(530,842)
Decrease (increase) in inventories	(32,660)	9,612
Increase (decrease) in trade notes and accounts payable	296,060	108,330
Retirement benefit expenses	26,707	11,028
Payments related to net defined benefit assets and liability	(24,517)	(24,025)
Other	190,498	76,234
Subtotal	1,387,182	1,332,038
Interest and dividends received	24,467	28,203
Proceeds from dividends income from affiliates accounted for by equity method	127,772	134,300
Interest paid	(117,213)	(159,578)
Income taxes paid	(86,735)	(263,713)
Net cash provided by operating activities	1,335,473	1,071,250
Cash flows from investing activities		
Net decrease (increase) in short-term investments	(2,119)	3,868
Purchase of fixed assets	(503,745)	(398,797)
Proceeds from sales of fixed assets	72,814	39,742
Purchase of leased vehicles	(1,293,840)	(1,430,561)
Proceeds from sales of leased vehicles	512,375	645,167
Payments of long-term loans receivable	(1,581)	(555)
Collection of long-term loans receivable	2,096	732
Purchase of investment securities	(270,228)	(26,207)
Proceeds from sales of investment securities	—	10,168
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	97,055	—
Net decrease (increase) in restricted cash	4,779	9,124
Proceeds from transfer of business	9,582	—
Other	(4,814)	(400)
Net cash used in investing activities	(1,377,626)	(1,147,719)

(Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)		Current fiscal year (From April 1, 2017 To March 31, 2018)	
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		16,119		(147,508)
Proceeds from long-term borrowings		1,724,688		1,413,908
Proceeds from issuance of bonds		878,641		858,002
Repayments of long-term borrowings		(1,369,795)		(1,463,828)
Redemption of bonds		(344,009)		(362,911)
Proceeds from non-controlling shareholders		1,275		—
Purchase of treasury stock		(277,419)		(6)
Proceeds from sales of treasury stock		128		1,357
Repayments of lease obligations		(26,265)		(34,633)
Cash dividends paid		(182,803)		(197,541)
Cash dividends paid to non-controlling interests		(99,950)		(15,757)
Purchase of treasury stock of subsidiaries		—		(14,273)
Net cash provided by financing activities		320,610		36,810
Effects of exchange rate changes on cash and cash equivalents		(34,875)		4,535
Increase (decrease) in cash and cash equivalents		243,582		(35,124)
Cash and cash equivalents at beginning of the period		992,095		1,241,124
Increase due to inclusion in consolidation		5,447		—
Cash and cash equivalents at the end of the period	※1	1,241,124	※1	1,206,000

[Notes to Consolidated Financial Statements]

(Basis of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated companies: 193

- Domestic companies: 71
- Overseas companies: 122

The names of principal consolidated companies are omitted here because they are provided in “4. Information on subsidiaries and affiliates” under “1. Overview of the Company.”

NRFM Holdings LLC has been newly established and included in the scope of consolidation in the current fiscal year. Nissan Motor Light Truck Co., Ltd., which was a consolidated subsidiary in the prior fiscal year, has been dissolved due to a merger and excluded from the scope of consolidation in the current fiscal year.

(2) Number of unconsolidated subsidiaries: 69

- Domestic companies: 49
Nissan Arc Ltd. and others
- Overseas companies: 20
JATCO Korea Engineering Corp. and others

These unconsolidated subsidiaries are immaterial in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.

2. Equity method

(1) Number of companies accounted for by the equity method: 47

- Unconsolidated subsidiaries: 17 (12 domestic and 5 overseas companies)
Nissan Arc Ltd. and others
- Affiliates: 30 (20 domestic and 10 overseas companies)
Renault, Dongfeng Motor Co., Ltd., Mitsubishi Motors Corporation, Nissan Tokyo Sales Holdings Co., Ltd. and others

(2) Number of companies not accounted for by the equity method: 71

- Unconsolidated subsidiaries: 52
Nissan Shatai Computer Service Co., Ltd. and others
- Affiliates: 19
Nissan Hiroshima Car Refine Center Co., Ltd. and others

These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.

(3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.

3. Accounting period of consolidated subsidiaries

(1) The following consolidated companies close their books of account at:

December 31:

Nissan Mexicana, S.A. de C.V.
Nissan Export de Mexico
NR Finance Mexico, S.A. de C.V. SOFOM ER
NR Finance Services, S.A. de C.V.
ANZEN, Insurance Broker, S.A. de C.V.
Nissan Do Brasil Automóveis Ltda.
Nissan Argentina S.A.
Nissan Chile SpA
Aprite (GB) Ltd.
Nissan Manufacturing RUS LLC.
Nissan Motor Ukraine Ltd.
Yulon Nissan Motor Co., Ltd.
Nissan (China) Investment Co., Ltd.
Dongfeng Nissan Auto Finance Co., Ltd.
Nissan Shanghai Co., Ltd.
JATCO Mexico, S.A. De C.V.
Dongfeng Nissan Auto Finance Company Individual Auto Mortgage Loan Securitization Trust
VINZ Retail Auto Mortgage Loan Securitization Trust
Nissan Guangzhou Co., Ltd.

(2) Of these 19 companies, Nissan Mexicana, S.A. de C.V. and 11 other subsidiaries are consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purposes. Yulon Nissan Motor Co., Ltd. and 6 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.

4. Significant accounting policies

(1) Valuation methods for assets

① Securities

Held-to-maturity securities:

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

Other securities:

Marketable securities:

Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are 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.

Investments in limited liability partnerships and similar investments, defined as securities by Article 2, Section 2 of the Financial Instruments and Exchange Law, are recognized at the net amount corresponding to the owning portion under the equity method based on the latest available financial statements of the partnerships.

② Derivative financial instruments

Derivative financial instruments are stated at fair value.

③ Inventories

Inventories are primarily stated at cost determined by the first-in and first-out method (cost of inventories is written-down when their carrying amounts become unrecoverable).

(2) Depreciation of property, plant and equipment

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

Depreciation of leased assets is calculated by the straight-line method based on either the estimated useful lives or the lease terms and the estimated residual value determined by the Company.

(3) Basis for significant reserves

① Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

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.

(4) Accounting for retirement benefits

For calculating the retirement benefit obligation, the benefit formula basis has been adopted for attributing projected benefits to periods.

Past 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 (principally 6 to 15 years).

Actuarial gain and loss are amortized in the year following the year in which actuarial gain and loss are recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees (principally 9 to 29 years). Certain foreign consolidated subsidiaries have adopted the corridor approach for actuarial gain and loss, and amortize them over the average remaining years of services of the eligible employees or the average life expectancy of the eligible employees.

Actuarial gain and loss and past service cost that are yet to be recognized as gain or loss are recorded as remeasurements of defined benefit plans presented in accumulated other comprehensive income of the net assets section, after being adjusted for tax effects.

(5) Reporting of significant revenue and expenses

Reporting of revenue from finance lease transactions

Interest income is recognized over the fiscal years concerned.

(6) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are charged or credited to income.

Assets and liabilities of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, and revenue and expense accounts are translated at the average rates of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and non-controlling interests in the net assets section.

(7) Hedge accounting method

① Hedge accounting method

Primarily, deferred hedge accounting is applied for derivative instruments.

Short-cut method, “Furiate-Shori,” is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.

Special treatment, “Tokurei-Shori,” is applied for interest rate swaps which are qualified for such treatment.

② Hedging instruments and hedged items

· Hedging instruments.....Derivative transactions

· Hedged items..... Mainly receivables and payables denominated in foreign currencies and others.

③ Hedging policy

Based on the internal risk management rules and authority regarding derivative transactions, expected risks such as fluctuations in foreign exchange and interest rate are hedged within certain extent.

④ Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of hedged items are substantially same as those of hedging instruments.

(8) Amortization of goodwill

Goodwill and negative goodwill in consolidated subsidiaries and in companies accounted for by the equity method which had occurred before March 31, 2010 have been amortized over periods not exceeding 20 years determined based on their expected life.

However, immaterial differences are charged or credited to income in the year of acquisition.

Negative goodwill in consolidated subsidiaries and in companies accounted for by the equity method which had occurred after April 1, 2010 has been recorded as profit in the year of acquisition.

(9) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(10) Accounting for consumption taxes

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

(11) Adoption of consolidated taxation system

The Company and some of its subsidiaries have been adopted the consolidated taxation system.

(Changes in accounting policies)

The “*Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*” (Accounting Standards Update No. 2018-02 issued by Financial Accounting Standards Board (FASB) on February 14, 2018) has been optionally applied from the fiscal year ended March 31, 2018, at overseas consolidated subsidiaries that apply US GAAP prior to the mandatory effective date. Consequently, the stranded tax effects resulting from application of the new federal corporate income tax rate by the Tax Cuts and Jobs Act reclassified from accumulated other comprehensive income to retained earnings. As a result, as of the end of the fiscal year ended March 31, 2018, accumulated other comprehensive income decreased by ¥10,260 million and retained earnings increased by the same amount.

There is no impact on the consolidated statement of income and per share information for the fiscal year ended March 31, 2018.

(Accounting standards to be adopted)

1. Domestic subsidiaries and affiliates

- (1) “*Accounting Standard for Revenue Recognition*” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 30, 2018) and
“*Implementation Guidance on Accounting Standard for Revenue Recognition*” (ASBJ Guidance No. 30, March 30, 2018)

① Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition and published the “Revenue from Contracts with Customers” (IFRS 15 in the IASB and ASU 2014-09 in the FASB) in May 2014. Given that IFRS 15 will be applied from a fiscal year starting on or after January 1, 2018 and that ASU 2014-09 will be applied from a fiscal year starting after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them in step with the Implementation Guidance.

The basic policy of the ASBJ in setting accounting standards for revenue recognition is to incorporate the basic principles of IFRS 15 as a starting point, considering that comparability between financial statements is one benefit of consistency with this standard, and, to the extent that they do not impair comparability, adding alternative treatment for items requiring consideration due to conventional practices in Japan.

② Scheduled date of adoption

To be applied from the fiscal year ending March 2022.

③ Effect of adoption

The effect of adoption of the aforementioned standard and guidance on the Company’s consolidated financial statements is under evaluation.

- (2) “*Implementation Guidance on Tax Effect Accounting*” (ASBJ Guidance No. 28, February 16, 2018) and
“*Implementation Guidance on Recoverability of Deferred Tax Assets*” (ASBJ Guidance No. 26, February 16, 2018)

① Overview

Taxable temporary differences relating to shares, etc., of subsidiaries in non-consolidated financial statements are recognized as deferred tax liabilities, except when the sales, etc. of the investments are at the discretion of the parent company or companies investing in the subsidiaries and they have no intention of conducting such sales, etc. in the foreseeable future.

② Scheduled date of adoption

To be applied from the fiscal year ending March 2019.

③ Effect of adoption

The adoption of the aforementioned guidance on the Company’s consolidated balance sheets is estimated an increase in retained earnings by approximately ¥13.0 billion at the beginning of the fiscal year.

2. Foreign subsidiaries and affiliates

- (1) IFRS 15, “*Revenue from Contracts with Customers*” and
FASB Accounting Standards Update (ASU) 2014-09, “*Revenue from Contracts with Customers*”

① Overview

The aforementioned standards require an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Compared with the current standards, the new standards require more steps of judgments and estimates. Those judgments and estimates include an identification of performance obligation in contracts, an estimation of variable consideration included in transaction price and an allocation of the transaction price to each performance obligation.

② Scheduled date of adoption

To be applied from the fiscal year ending March 2019.

③ Effect of adoption

The effect of adoption of the aforementioned standards on the Company’s consolidated financial statements is under evaluation.

- (2) IFRS 9, “*Financial Instruments*” and FASB Accounting Standards Update (ASU) 2016-13, “*Measurement of Credit Losses on Financial Instruments*” and others
- ① Overview
The aforementioned standards revise the provisions relating to the classification and measurement of financial instruments and require the recognition of impairment losses on financial assets using the expected credit loss model.
 - ② Scheduled date of adoption
IFRS 9, “*Financial Instruments*” will be applied from the fiscal year ending March 2019.
ASU 2016-13, “*Measurement of Credit Losses on Financial Instruments*” will be applied from the fiscal year ending March 2021.
 - ③ Effect of adoption
The effect of adoption of the aforementioned standards on the Company’s consolidated financial statements is under evaluation.
- (3) IFRS 16, “*Leases*” and FASB Accounting Standards Update (ASU) 2016-02, “*Leases*”
- ① Overview
The aforementioned standards require a lessee to recognize assets or liabilities generally for all leases on the balance sheet, whereas no significant changes were made in the accounting for a lessor.
 - ② Scheduled date of adoption
To be applied from the fiscal year ending March 2020.
 - ③ Effect of adoption
The effect of adoption of the aforementioned standards on the Company’s consolidated financial statements is under evaluation.

(Changes in presentation)

1. Consolidated statements of income
“Insurance income,” which was presented as a separate account under “Special gains” in the prior fiscal year, has been included in “Other” in the current fiscal year due to its decreased financial materiality.
To reflect this change, ¥7,204 million of “Insurance income” under “Special gains” in the prior fiscal year has been reclassified into “Other” in the consolidated statement of income for the prior fiscal year provided herein.

(For consolidated balance sheets)

1 ※1 Accumulated depreciation of property, plant and equipment (Millions of yen)		
	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Accumulated depreciation of property, plant and equipment	5,124,899	5,371,958
(Accumulated depreciation of leased assets included)	72,461	84,533

2 ※2 “Machinery, equipment and vehicles, net” includes the following assets leased to others under lease agreements. (Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Assets leased to others under lease agreements (lessor)	2,623,111	2,677,762

3 ※3 Assets pledged as collateral and liabilities secured by the collateral

(1) Assets pledged as collateral (Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Sales finance receivables	2,414,838 (2,414,838)	2,181,010 (2,181,010)
Property, plant and equipment	836,552 (774,585)	703,043 (698,052)
Total	3,251,390	2,884,053

(2) Liabilities secured by the above collateral (Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Short-term borrowings	512,861 (512,861)	341,103 (341,103)
Long-term borrowings (including the current portion)	1,914,195 (1,850,529)	1,969,456 (1,962,669)
Total	2,427,056	2,310,559

The above figures in parentheses represent the values of assets pledged as collateral and liabilities secured by the collateral that correspond to nonrecourse debts.

4 Guarantees and others

Prior fiscal year (As of March 31, 2017)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	※39,851	Guarantees for employees' housing loans and others
13 foreign dealers	214	Guarantees for loans and others
Total	40,065	

※ Allowance for doubtful accounts is provided for these loans mainly based on past experience.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	72	Commitments to provide guarantees for loans

Current fiscal year (As of March 31, 2018)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	※33,529	Guarantees for employees' housing loans and others
43 foreign dealers	1,144	Guarantees for loans and others
Total	34,673	

※ Allowance for doubtful accounts is provided for these loans mainly based on past experience.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	53	Commitments to provide guarantees for loans

5 Contingent Liabilities

- Lawsuits related to Takata's airbag inflators

Mainly in the United States ("U.S.") and Canada various putative class action lawsuits, civil lawsuits and lawsuits by states related to Takata's airbag inflator have been filed against the Company, consolidated subsidiaries and other Original Equipment Manufacturers. The lawsuits allege that the subject airbag inflators did not function properly, and seek, among others, damages for economic losses, incurred costs, decline in the value of vehicles, and, in certain cases, personal injury as well as punitive damages. Most of the class action lawsuits in the U.S. were transferred to the U.S. District Court for the Southern District of Florida and consolidated into a multi-district litigation ("MDL"). The Company and Nissan North America, Inc. ("NNA") have agreed to a proposed settlement that would resolve the US class actions that are pending against them in the MDL, through a number of customer-focused programs. In September 2017, the court in the MDL granted preliminary approval to the proposed settlement. The total payment amount for the settlement will be \$87.9 million to be paid over four years. The discounted obligation has been recorded for \$86.6 million in the current fiscal year. In February 2018, the court in MDL granted final approval to the proposed settlement. Regarding the lawsuits other than the above, management has not recognized a provision for loss contingencies because as of the date of this report it is not possible to reasonably estimate the amount, if any, of any potential future losses because there are some uncertainties, such as these lawsuits are still in progress.

6 Discounted notes receivables (Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Discounted notes receivables	12	—

7 ※4 "Intangible fixed assets" include goodwill. (Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Goodwill	7,764	6,719

8 ※5 Investments in unconsolidated subsidiaries and affiliates (Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Investments in stock of unconsolidated subsidiaries and affiliates	1,009,055	1,108,471
(Investments in stock of joint ventures included)	413,352	419,419

9 ※6 "Sales finance receivables" and "Other current assets" include lease receivables and lease investment assets.

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Lease receivables	44,508	44,445
Lease investment assets	53,567	49,763

10 The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows. (Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Total credit lines of overdrafts and loans	250,716	285,743
Loans receivable outstanding	131,292	194,602
Unused credit lines	119,424	91,141

Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers' credibility, any unused amount will not necessarily be utilized at the full amount.

11 ※7 "Other" of Long-term liabilities includes updated amount of retirement benefits for directors and statutory auditors in the books of the Company covered under the resolution approved at ordinary general meeting of the shareholders held on June 20, 2007.

(For consolidated statements of income)

1 ※1 Total research and development costs	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)

Research and development costs included in manufacturing costs and selling, general and administrative expenses	490,354	495,824
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2 ※2 The ending inventory balance represents after write-down of book value when their carrying amounts become unrecoverable, and the write-down (after offsetting the reversal of the prior fiscal year's write-down) are as follows. (Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Cost of sales	2,121	3,802 (gain)

3 ※3 Gain on sales of fixed assets

Prior fiscal year (From April 1, 2016 To March 31, 2017)

Gain on sales of fixed assets primarily consisted of a gain on sale of land of ¥4,334 million and a gain on sale of machinery, equipment and vehicles of ¥2,620 million.

Current fiscal year (From April 1, 2017 To March 31, 2018)

Gain on sales of fixed assets primarily consisted of a gain on sale of machinery, equipment and vehicles of ¥9,260 million.

4 ※4 Loss on sales of fixed assets

Prior fiscal year (From April 1, 2016 To March 31, 2017)

Loss on sales of fixed assets primarily consisted of a loss on sale of machinery, equipment and vehicles of ¥8,548 million.

Current fiscal year (From April 1, 2017 To March 31, 2018)

Loss on sales of fixed assets primarily consisted of a loss on sale of machinery, equipment and vehicles of ¥3,500 million.

5 ※5 Impairment loss

Prior fiscal year (From April 1, 2016 To March 31, 2017)

The following loss on impairment of fixed assets was recorded.

Usage	Type	Location	Amount (Millions of yen)
Idle assets	Buildings and structures, Machinery, equipment and vehicles and others	Japan, Europe and Asia (Total 14 locations)	4,959
Assets to be disposed of	Buildings and structures and others	Japan (Total 9 locations)	573

The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales financing) and the regional segments that are mutually complementary with each other. However, the Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of.

The Company and some of its consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of by reducing their net book value to the respective recoverable value of each asset. Such loss amounted to ¥5,532 million and has been recorded as special losses in the accompanying consolidated statements of income. This impairment loss consisted of losses of ¥4,959 million on idle assets (buildings and structures—¥265 million; machinery, equipment and vehicles—¥188 million; and others—¥4,506 million) and losses of ¥573 million on assets to be disposed of (buildings and structures—¥476 million and others—¥97 million).

The recoverable value of these assets was measured based on values including net sells value, which was estimated based on an appraisal value for the idle assets and those to be disposed of.

Current fiscal year (From April 1, 2017 To March 31, 2018)

The following loss on impairment of fixed assets was recorded.

Usage	Type	Location	Amount (Millions of yen)
Idle assets	Land, intangible fixed assets and others	Japan, Europe and Asia (Total 14 locations)	16,086
Assets to be disposed of	Buildings and structures and others	Japan (Total 3 locations)	80

The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales financing) and the regional segments that are mutually complementary with each other. However, the Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of.

The Company and some of its consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of by reducing their net book value to the respective recoverable value of each asset. Such loss amounted to ¥16,166 million and has been recorded as special losses in the accompanying consolidated statements of income. This impairment loss consisted of losses of ¥16,086 million on idle assets (land—¥546 million; intangible fixed assets—¥11,014 million; and others—¥4,526 million) and losses of ¥80 million on assets to be disposed of (buildings and structures—¥48 million and others—¥32 million).

The recoverable value of these assets was measured by net sales value. Property, plant and equipment of idle assets and assets to be disposed were estimated based on an appraisal value and intangible fixed assets of idle assets were estimated as zero because future use will not be expected.

(For consolidated statements of comprehensive income)

※1 Reclassification adjustments and tax effects concerning other comprehensive income

	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Unrealized holding gain and loss on securities:		
Amount arising during the period	(5,804)	12,103
Reclassification adjustments for gains and losses realized in net income	(344)	0
Before tax-effect adjustment	(6,148)	12,103
Amount of tax effects	1,976	(3,744)
Unrealized holding gain and loss on securities	(4,172)	8,359
Unrealized gain and loss from hedging instruments:		
Amount arising during the period	15,002	(17,400)
Reclassification adjustments for gains and losses realized in net income	2,828	21,492
Adjustments of acquisition cost for assets	(456)	(341)
Before tax-effect adjustment	17,374	3,751
Amount of tax effects	(5,842)	(1,188)
Unrealized gain and loss from hedging instruments	11,532	2,563
Translation adjustments:		
Amount arising during the period	(84,634)	(77,501)
Reclassification adjustments for gains and losses realized in net income	(13,980)	—
Before tax-effect adjustment	(98,614)	(77,501)
Amount of tax effects	—	—
Translation adjustments	(98,614)	(77,501)
Remeasurements of defined benefit plans:		
Amount arising during the period	28,457	(5,230)
Reclassification adjustments for gains and losses realized in net income	21,356	9,713
Before tax-effect adjustment	49,813	4,483
Amount of tax effects	(18,073)	(550)
Remeasurements of defined benefit plans	31,740	3,933
The amount for equity method company portion:		
Amount arising during the period	(26,717)	39,126
Reclassification adjustments for gains and losses realized in net income	1,663	201
Before tax-effect adjustment	(25,054)	39,327
Amount of tax effects	—	—
The amount for equity method company portion	(25,054)	39,327
Total other comprehensive income	(84,568)	(23,319)

(For consolidated statements of changes in net assets)

Prior fiscal year (From April 1, 2016 To March 31, 2017)

1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

Types of share	At the beginning of current fiscal year	Increase	Decrease	At the end of current fiscal year
Shares issued: Common stock (Note 1)	4,494,715	—	(274,000)	4,220,715
Treasury stock: Common stock (Note 2)	326,219	275,057	(292,251)	309,025

Notes: 1 Details of the decrease are as follows:

(Thousands of shares)

Decrease due to retirement of treasury stocks

274,000

2 Details of the increase are as follows:

Increase due to purchase of treasury stocks

274,000

Increase in stocks held by affiliates accounted for by the equity method

1,053

Increase due to purchase of stocks of less than a standard unit

4

Details of the decrease are as follows:

Decrease due to retirement of treasury stocks

274,000

Decrease in stocks held by affiliates accounted for by the equity method

18,119

Decrease due to exercise of share subscription rights

132

2. Share subscription rights

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)				Balance at the end of current fiscal year (Millions of yen)
			At the beginning of current fiscal year	Increase	Decrease	At the end of current fiscal year	
Parent company	Subscription rights as stock options			—			391
Total				—			391

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual general meeting of the shareholders on June 22, 2016	Common stock	87,540	21	March 31, 2016	June 23, 2016
Meeting of the Board of Directors on November 7, 2016	Common stock	95,263	24	September 30, 2016	November 25, 2016

Note: Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

(2) Dividends, which the record date was in the year ended March 31, 2017 and the effective date of which is in the year ending March 31, 2018

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual general meeting of the shareholders on June 27, 2017	Common stock	93,883	Retained earnings	24	March 31, 2017	June 28, 2017

Note: Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

Current fiscal year (From April 1, 2017 To March 31, 2018)

1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

Types of share	At the beginning of current fiscal year	Increase	Decrease	At the end of current fiscal year
Shares issued: Common stock	4,220,715	—	—	4,220,715
Treasury stock: Common stock (Notes)	309,025	2,726	1,392	310,359

Notes: 1 Details of the increase are as follows:

(Thousands of shares)

Increase in stocks held by affiliates accounted for by the equity method 2,720
Increase due to purchase of stocks of less than a standard unit 6

2. Details of the decrease are as follows:

Decrease due to exercise of share subscription rights 1,392

2. Share subscription rights

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)			Balance at the end of current fiscal year (Millions of yen)
			At the beginning of current fiscal year	Increase	Decrease	
Parent company	Subscription rights as stock options		—			84
Total			—			84

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual general meeting of the shareholders on June 27, 2017	Common stock	93,883	24	March 31, 2017	June 28, 2017
Meeting of the Board of Directors on November 8, 2017	Common stock	103,658	26.5	September 30, 2017	November 22, 2017

Note: Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

(2) Dividends, which the record date was in the year ended March 31, 2018 and the effective date of which is in the year ending March 31, 2019

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual general meeting of the shareholders on June 26, 2018	Common stock	103,627	Retained earnings	26.5	March 31, 2018	June 27, 2018

Note: Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

(For consolidated statements of cash flows)

1 ※1 Cash and cash equivalents as of the end of the quarter are reconciled to the accounts reported in the consolidated balance sheets as follows.

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Cash on hand and in banks	1,122,484	1,134,838
Time deposits with maturities of more than three months	(2,884)	(38)
Cash equivalents included in securities (*)	121,524	71,200
Cash and cash equivalents	1,241,124	1,206,000

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

(For lease transactions)

1. Finance lease transactions

(Lessees' accounting)

(1) Leased assets

Leased assets primarily consist of dies and buildings.

(2) Depreciation method for leased assets

Described in "4 (2) Depreciation of property, plant and equipment" under Basis of consolidated financial statements.

(Lessors' accounting)

(1) Breakdown of lease investment assets

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Lease income receivable	53,335	49,708
Estimated residual value	3,059	2,920
Interest income equivalent	(2,827)	(2,865)
Lease investment assets	53,567	49,763

(2) Expected amounts of collection from lease income receivable concerning lease receivables and lease investment assets after the balance sheet date

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

	Lease receivables	Lease investment assets
Due within one year	34,158	15,736
Due after one year but within two years	9,898	10,371
Due after two years but within three years	247	7,965
Due after three years but within four years	129	8,867
Due after four years but within five years	98	1,892
Due after five years	23	8,504

Current fiscal year (As of March 31, 2018)

(Millions of yen)

	Lease receivables	Lease investment assets
Due within one year	30,378	20,146
Due after one year but within two years	13,762	11,360
Due after two years but within three years	180	11,698
Due after three years but within four years	122	4,270
Due after four years but within five years	23	1,762
Due after five years	13	472

2. Operating lease transactions

(Lessees' accounting)

Future minimum lease payments subsequent to March 31, 2017 and March 31, 2018 are summarized as follows.

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Due in one year or less	7,446	10,486
Due after one year	34,662	58,546
Total	42,108	69,032

(Lessors' accounting)

Future minimum lease income subsequent to March 31, 2017 and March 31, 2018 are summarized as follows.

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Due in one year or less	471,690	463,410
Due after one year	490,251	464,973
Total	961,941	928,383

(For financial instruments)

1. Financial Instruments

(1) Policies on financial instruments

The Group's cash is managed through short-term deposits and appropriate repurchase agreement transactions for the purpose of efficient cash management at appropriate risk. Investment in equity/bond-related products is also authorized. With regard to such investment with price fluctuation risk, a strict risk management is implemented, consisting of regular monitoring of mark-to-market and internal reporting.

The financing has been diversified, such as bank loans, bond issues, commercial paper issues and liquidation of securities, to reduce the exposure to liquidity risk.

The Group utilizes derivative financial instruments based on the internal "Policies and Procedures for Risk Management" mainly for the purposes of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, interest rates on interest-bearing debt and market prices on commodity, but does not enter into such transactions for speculative purposes.

The sales financing business provides the Group's financial services including auto loans and leases, which are supplied to customers following a strict credit assessment, and inventory financing, which is supplied to dealers.

(2) Description of financial instruments and related risks

① Trade notes and accounts receivable

The Group holds trade notes and accounts receivable as consideration for sales of products and collects such receivables in accordance with the terms and conditions of relevant sales agreements. The relevant trade notes and accounts receivable are exposed to the credit risk of the respective customers. Those denominated in foreign currencies are exposed to fluctuations in foreign currency exchange rates.

② Sales finance receivables

Sales financing is an integral part of the Group's core business. The Group provides auto loans and leases to customers who purchase the Group's products and also inventory financing and working capital loans to dealers. Sales finance receivables are exposed to the credit risk of the respective customers as is the case with trade notes and accounts receivable.

③ Securities and investment securities

Securities and investment securities held by the Group are mainly unlisted foreign investment trusts and investment securities in affiliates. Investment securities in affiliates are exposed to the risk of fluctuations in their market prices.

④ Trade notes and accounts payable

The Group holds trade notes and accounts payable as liabilities with various payment dates based on the payment conditions from purchasing diverse parts, materials and services, required for development, manufacture and sale of products. As its procurement activities are operated in various regions and countries, the relevant trade notes and accounts payable are exposed to fluctuations in foreign currency exchange rates.

⑤ Borrowings, bonds and lease obligations

The Group conducts diverse financing activities for the purpose of fund procurements for working capital, investments in equipment and businesses, sales financing and so forth. As part of such financing uses floating-rates, the relevant borrowings, bonds and lease obligations are exposed to the risk of interest rate fluctuations. The Group is also exposed to liquidity risk in that the necessary funds for business operations may not be ensured with rapid changes in the procurement environment.

⑥ Derivative transactions

(1) Forward foreign exchange contracts

Forward foreign exchange contracts are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables arising from importing and exporting products and others.

(2) Currency options

In the same manner as forward foreign exchange contracts, currency options are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables.

(3) Interest rate swaps

Interest rate swaps are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.

(4) Currency swaps

Currency swaps are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates and interest rates on foreign currency denominated receivables and payables.

(5) Interest rate options

Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.

(6) Commodity futures contracts

Commodity futures contracts are used primarily to hedge against the adverse impact of fluctuations in the market prices of precious metals (used as the catalyst for the emission gas purifier of automobiles) and base metals (raw materials for automobile productions).

For hedging instruments, hedged items, hedging policy and assessment of hedge effectiveness, refer to "(7) Hedge accounting method" under "4. Significant accounting policies".

(3) Risks relating to financial instruments and the management system thereof

① Management of market risk

Although derivative transactions are used for the purpose of hedging risks on the assets and liabilities recorded in the consolidated balance sheets, there remains the risk of foreign currency exchange fluctuations on currency transactions, the risk of interest rate fluctuations on interest rate transactions and the risk of market price fluctuations on commodity transactions. All the derivative transactions of the Group are carried out pursuant to the internal risk management rules, which stipulate the Group's basic policies for derivative transactions, management policies, management items, trading procedures, criteria for the selection of counterparties, the reporting system and so forth. The Group's financial market risk is controlled by the Company in a centralized manner, and it is stipulated that no individual subsidiary can initiate a hedge transaction such as derivative transactions without the prior approval of and regular reporting back to the Company.

The basic policy on the acquisition of derivative transactions is subject to the approval of the Hedge Policy Meeting, which is attended by the Chief Financial Officer and the staff in charge. The execution and management of all transactions are to be conducted in accordance with the aforementioned risk management rules pursuant to the decisions made at those meetings. Derivative transactions are conducted by a special section of the Finance Department, and the verification of the relevant trade agreements and the monitoring of position balances are the responsibility of the Accounting Section and the Risk Management Section. Commodity futures contracts are conducted by the Finance Department in accordance with the acquisition policy determined by the corporate officer in charge of the Purchasing Department and the Chief Financial Officer.

The status of derivative transactions is reported on a daily basis to the Chief Financial Officer and on an annual basis to the Board of Directors.

② Management of credit risk

The Group does business with a variety of local counterparties including sales companies in many regions around the world. The Group has established transaction terms and conditions for operating receivables in Japan and overseas based on credit assessment criteria to take appropriate and effective measures for the protection of such receivables, using bank letters of credit and transactions with advance payments.

As for financial transactions including bank deposits, short term investments and derivatives, the Group is exposed to the risk that counterparty could default on their obligations and jeopardize future profits. We believe that this risk is insignificant as the Group enters into such transactions only with financial institutions that have a sound credit profile. Therefore, we believe that the risk to incur losses from counterparty financial institution's default is low. Credit risk is managed by using its own evaluation methods based on external credit ratings and other analyses. The Finance Department sets a maximum upper limit on positions with each of the counterparties and monitors the balances of open positions.

The Group enters into derivative transactions with Renault Finance S.A. ("RF"), a specialized financial subsidiary of the Renault Group. RF enters into derivative transactions to cover such derivative transactions with the Group only with financial institutions of the highest caliber carefully selected by RF based on its own rating techniques.

③ Management of liquidity risk related to financing

The Company endeavors to raise funds from appropriate sources with reinforced measures such as an accumulation of cash reserves and the conclusion of loan commitment agreements so that the Group can ensure an appropriate level of liquidity even if any significant environmental change takes place in the financial market. However, this factor could entail a greater-than-anticipated level of risk that might hinder the smooth execution of the initially planned financing, thereby having a significant effect on the Group's financial position and business performance. The Group secures the appropriate liquidity of funds in its automobile business in accordance with the management rule on liquidity risk by taking into account the future repayment schedule of borrowings, the future demand for working capital and other fund requirements. Meanwhile, in the sales financing business, the Group minimizes the liquidity risk by focusing on thorough Assets Liability Management, especially in major markets, and matching assets and liabilities.

(4) Supplemental explanation on the fair value of financial instruments

① The fair value and unrealized gain or loss on derivative transactions are estimates that are considered appropriate based on the market at the balance sheet date and, thus, the fair value is not necessarily indicative of the actual amounts that might be realized or settled in the future.

② The notional amounts of the swaps are not a direct measure of the Company's risk exposure in connection with its swap transactions.

2. Fair Value of Financial Instruments

The following tables indicate the amount recorded in the consolidated balance sheets, the fair value and the difference as of March 31, 2017 and March 31, 2018 for various financial instruments. Assets and liabilities for which it is deemed difficult to measure the fair value are not included in the tables below. (Refer to Note 2.)

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

	Amount recorded in the consolidated balance sheets	Fair value	Difference
(1) Cash on hand and in banks	1,122,484	1,122,484	—
(2) Trade notes and accounts receivable Allowance for doubtful accounts (*1)	808,981 (12,353)		
	796,628	796,628	—
(3) Sales finance receivables (*2) Allowance for doubtful accounts (*1)	7,291,339 (87,634)		
	7,203,705	7,225,493	21,788
(4) Securities and investment securities	777,515	1,043,763	266,248
(5) Long-term loans receivable Allowance for doubtful accounts (*1)	16,036 (657)		
	15,379	18,294	2,915
Total assets	9,915,711	10,206,662	290,951
(1) Trade notes and accounts payable	1,578,594	1,578,594	—
(2) Short-term borrowings	980,654	980,654	—
(3) Commercial papers	430,019	430,019	—
(4) Bonds (*3)	1,861,260	1,871,842	(10,582)
(5) Long-term borrowings (*3)	4,443,785	4,520,023	(76,238)
(6) Lease obligations (*3)	51,963	52,864	(901)
Total liabilities	9,346,275	9,433,996	(87,721)
Derivative transactions (*4)	47,826	47,826	—

(*1) The allowance for doubtful accounts, which is individually reported as part of trade notes and accounts receivable, sales finance receivables and long-term loans receivable, is deducted.

(*2) The amount recorded in the consolidated balance sheets for sales finance receivables is presented with the amount after deducting ¥49,297 million of deferred installments income and others.

(*3) Bonds, long-term borrowings and lease obligations include the current portion of bonds, the current portion of long-term borrowings and lease obligations under current liabilities, respectively.

(*4) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

Current fiscal year (As of March 31, 2018)

(Millions of yen)

	Amount recorded in the consolidated balance sheets	Fair value	Difference
(1) Cash on hand and in banks	1,134,838	1,134,838	—
(2) Trade notes and accounts receivable Allowance for doubtful accounts (*1)	739,851 (10,630)		
	729,221	729,221	—
(3) Sales finance receivables (*2) Allowance for doubtful accounts (*1)	7,577,304 (98,334)		
	7,478,970	7,452,925	(26,045)
(4) Securities and investment securities	830,799	1,189,994	359,195
(5) Long-term loans receivable Allowance for doubtful accounts (*1)	12,654 (802)		
	11,852	12,515	663
Total assets	10,185,680	10,519,493	333,813
(1) Trade notes and accounts payable	1,646,638	1,646,638	—
(2) Short-term borrowings	802,952	802,952	—
(3) Commercial papers	402,918	402,918	—
(4) Bonds (*3)	2,284,041	2,283,084	957
(5) Long-term borrowings (*3)	4,206,431	4,200,811	5,620
(6) Lease obligations (*3)	42,014	42,783	(769)
Total liabilities	9,384,994	9,379,186	5,808
Derivative transactions (*4)	16,950	16,950	—

(*1) The allowance for doubtful accounts, which is individually reported as part of trade notes and accounts receivable, sales finance receivables and long-term loans receivable, is deducted.

(*2) The amount recorded in the consolidated balance sheets for sales finance receivables is presented with the amount after deducting ¥57,452 million of deferred installments income and others.

(*3) Bonds, long-term borrowings and lease obligations include the current portion of bonds, the current portion of long-term borrowings and lease obligations under current liabilities, respectively.

(*4) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

(Note 1) Calculation method of the fair value of financial instruments and matters relating to securities and derivative transactions

Assets:

(1) Cash on hand and in banks and (2) Trade notes and accounts receivable

Fair value is calculated based on the book value as these assets are settled within a short time and the fair value is almost equal to the book value.

(3) Sales finance receivables

Fair value is calculated based on the discounted cash flows by collection period, using discount rates reflecting maturity and credit risk.

(4) Securities and investment securities

Fair value of stocks is based on the prices traded at the stock exchange. Fair value of unlisted foreign investment trusts is based on the book value as these are settled within a short time and fair value is almost equal to the book value.

Refer to the Notes to “For securities” with regard to the noteworthy matters provided for each type of securities, classified by holding purpose.

(5) Long-term loans receivable

Fair value is calculated based on the discounted cash flows of each individual loan, using discount rate which would be applicable for similar new loans.

Liabilities:

(1) Trade notes and accounts payable, (2) Short-term borrowings and (3) Commercial papers

Fair value is calculated based on the book value as these liabilities are settled within a short time and fair value is almost equal to the book value.

(4) Bonds

Fair value of marketable bonds is based on the market prices, and that of non-marketable bonds is based on the present value estimated by discounting the total principal and interest, using discount rates reflecting the remaining term and credit risk.

(5) Long-term borrowings and (6) Lease obligations

Fair value is calculated based on the present value estimated by discounting the total principal and interest, using discount rates which would be applicable for similar new borrowings or lease transactions.

Derivative transactions:

Refer to the notes in “For derivative transactions.”

(Note 2) The amounts of financial instruments recorded in the consolidated balance sheets for which it is deemed difficult to measure the fair value

Classification	(Millions of yen)	
	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Unlisted stocks	502,685	504,933

Unlisted stocks are not included in (4) Securities and investment securities, as it is deemed difficult to measure the fair value because they are nonmarketable and future cash flows cannot be estimated.

(Note 3) Redemption schedule after the balance sheet date for monetary receivables and securities with maturity dates

	(Millions of yen)			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Cash on hand and in banks	1,122,484	—	—	—
Trade notes and accounts receivable	808,981	—	—	—
Sales finance receivables (*1)	2,810,791	4,446,441	33,901	206
Long-term loans receivable	189	15,136	260	451
Total	4,742,445	4,461,577	34,161	657

(*1) The amount of sales finance receivables is presented with the amount after deducting ¥49,297 million of deferred installment income and others

Current fiscal year (As of March 31, 2018) (Millions of yen)

	(Millions of yen)			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Cash on hand and in banks	1,134,838	—	—	—
Trade notes and accounts receivable	739,851	—	—	—
Sales finance receivables (*1)	2,944,659	4,488,697	143,948	—
Long-term loans receivable	2,853	9,424	243	134
Total	4,822,201	4,498,121	144,191	134

(*1) The amount of sales finance receivables is presented with the amount after deducting ¥57,452 million of deferred installment income and others

(Note 4) Redemption schedule after the balance sheet date for bonds, long-term borrowings, lease obligations and other interest-bearing debt

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term borrowings	980,654	—	—	—	—	—
Commercial papers	430,019	—	—	—	—	—
Bonds	368,101	410,091	559,451	235,459	223,158	65,000
Long-term borrowings	1,339,982	1,009,580	766,537	927,254	377,748	22,684
Lease obligations	31,565	12,666	3,330	2,383	1,498	521
Total	3,150,321	1,432,337	1,329,318	1,165,096	602,404	88,205

Current fiscal year (As of March 31, 2018)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term borrowings	802,952	—	—	—	—	—
Commercial papers	402,918	—	—	—	—	—
Bonds	396,637	548,536	780,945	214,266	303,657	40,000
Long-term borrowings	1,152,719	1,360,151	1,125,194	462,454	78,921	26,992
Lease obligations	25,766	9,347	3,469	2,168	745	519
Total	2,780,992	1,918,034	1,909,608	678,888	383,323	67,511

(For securities)

1. Other securities

Prior fiscal year (As of March 31, 2017) (Millions of yen)

Types of securities	Carrying value	Acquisition cost	Difference
(Securities whose carrying value exceeds their acquisition cost)			
Stock	143,909	73,947	69,962
Others	2,884	2,384	500
Subtotal	146,793	76,331	70,462
(Securities whose carrying value does not exceed their acquisition cost)			
Stock	2,828	2,912	(84)
Others	121,524	121,524	—
Subtotal	124,352	124,436	(84)
Total	271,145	200,767	70,378

Current fiscal year (As of March 31, 2018) (Millions of yen)

Types of securities	Carrying value	Acquisition cost	Difference
(Securities whose carrying value exceeds their acquisition cost)			
Stock	150,615	73,925	76,690
Others	2,610	1,968	642
Subtotal	153,225	75,893	77,332
(Securities whose carrying value does not exceed their acquisition cost)			
Stock	2,836	2,858	(22)
Others	71,200	71,200	—
Subtotal	74,036	74,058	(22)
Total	227,261	149,951	77,310

2. Other securities sold during the fiscal year

Prior fiscal year (From April 1, 2016 To March 31, 2017)

This information is not provided due to its low materiality.

Current fiscal year (From April 1, 2017 To March 31, 2018) (Millions of yen)

Type of securities	Sales proceeds	Total gain	Total loss
Stock	9,731	312	(259)
Total	9,731	312	(259)

3. Reclassified securities

Prior fiscal year (From April 1, 2016 To March 31, 2017)

The Company reclassified Alliance Rostec Auto B.V. stock of unconsolidated affiliates (carrying value ¥0 million) to other securities due to a change in affiliation based on a decrease in equity owned by the Company.

As a result, investment securities and net unrealized holding gains on securities increased by ¥5,586 million.

Current fiscal year (From April 1, 2017 To March 31, 2018)

Not applicable.

4. Securities for which an impairment loss was recognized

Prior fiscal year (From April 1, 2016 To March 31, 2017)

For the prior fiscal year, an impairment loss of ¥233 million was recognized for investment securities (stock of unconsolidated subsidiaries: ¥233 million).

Current fiscal year (From April 1, 2017 To March 31, 2018)

For the current fiscal year, an impairment loss of ¥507 million was recognized for investment securities (stock included in other securities: ¥507 million).

(For derivative transactions)

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related transactions

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

Classification	Type	Notional amounts	Portion due after one year included herein	Fair value	Valuation gain or loss
Non-market transactions	Forward foreign exchange contracts:				
	Sell:				
	KRW	4,156	—	(39)	(39)
	Buy:				
	EUR	28,881	—	(623)	(623)
	Swaps:				
	EUR	131,227	5,391	5,420	5,420
	USD	300,159	75,717	14,166	14,166
	CAD	32,119	32,119	6,657	6,657
	MXN	8,892	8,892	1,887	1,887
INR	2,253	2,253	(210)	(210)	
IDR	2,031	—	120	120	
AUD	43,356	—	(563)	(563)	
CNY	105,731	—	(1,721)	(1,721)	
	Total	—	—	25,094	25,094

Note: Calculation of fair value is based on the discounted cash flows and others.

Current fiscal year (As of March 31, 2018)

(Millions of yen)

Classification	Type	Notional amounts	Portion due after one year included herein	Fair value	Valuation gain or loss
Non-market transactions	Forward foreign exchange contracts:				
	Sell:				
	KRW	330	—	(35)	(35)
	Buy:				
	EUR	31,371	—	(541)	(541)
	Swaps:				
	EUR	409,766	350,853	198	198
	USD	329,042	131,714	7,419	7,419
	MXN	8,892	—	1,957	1,957
	INR	11,345	2,502	(49)	(49)
AUD	31,670	—	1,486	1,486	
CNY	68,792	—	181	181	
HKD	530	—	27	27	
	Total	—	—	10,643	10,643

Note: Calculation of fair value is based on the discounted cash flows and others.

(2) Interest-related transactions

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

Classification	Type	Notional amounts	Portion due after one year included herein	Fair value	Valuation gain or loss
Non-market transactions	Swaps:				
	Receive floating/pay fixed	138,885	85,659	(218)	(218)
	Receive fixed/pay floating	189,119	155,462	(230)	(230)
	Options				
	Caps sold (Premium)	861,072 (1,414)	533,618 (905)	(246)	(246)
	Caps purchased (Premium)	861,072 1,479	533,618 945	246	246
Total		—	—	(448)	(448)

Note: Calculation of fair value is based on the discounted cash flows and others.

Current fiscal year (As of March 31, 2018)

(Millions of yen)

Classification	Type	Notional amounts	Portion due after one year included herein	Fair value	Valuation gain or loss
Non-market transactions	Swaps:				
	Receive floating/pay fixed	65,761	61,570	645	645
	Receive fixed/pay floating	114,599	41,282	(1,133)	(1,133)
	Options				
	Caps sold (Premium)	621,149 (2,583)	338,098 (1,926)	(178)	2,405
	Caps purchased (Premium)	621,149 2,583	338,098 1,926	178	(2,405)
Total		—	—	(488)	(488)

Note: Calculation of fair value is based on the discounted cash flows and others.

(3) Commodity-related transactions

Prior fiscal year (As of March 31, 2017)

Not applicable.

Current fiscal year (As of March 31, 2018)

Not applicable.

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related transactions

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year included herein	Fair value
Deferral hedge accounting	Swaps: USD	Short-term and long-term borrowings	337,766	239,701	18,423
	RUB	Long-term loans receivable	2,569	2,569	(468)
	Forward foreign exchange contracts: Buy: USD	Short-term borrowings	4,078	—	(5)
Total			—	—	17,950

Note: Calculation of fair value is based on discounted cash flows and others.

Current fiscal year (As of March 31, 2018)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year included herein	Fair value
Deferral hedge accounting	Swaps: USD	Short-term and long-term borrowings	316,722	215,947	(1,103)
	RUB	Short-term loans receivable	2,433	—	(372)
	Forward foreign exchange contracts: Buy: USD	Short-term borrowings	2,542	—	48
Total			—	—	(1,427)

Note: Calculation of fair value is based on discounted cash flows and others.

(2) Interest-related transactions

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year included herein	Fair value
Special treatment	Swaps: Receive floating/pay fixed	Long-term borrowings	87,700	71,700	Note 2
Deferral hedge accounting	Swaps: Receive floating/pay fixed	Short-term and long-term borrowings	1,234,924	660,922	4,850
Total			—	—	4,850

Notes: 1. Calculation of fair value is based on discounted cash flows and others.

2. The fair value of interest rate swaps which are accounted using special treatment is included in that of corresponding hedged long-term borrowings in “2. Fair Value of Financial Instruments” under “For financial instruments” as those interest rate swaps are recorded as an adjustment to interest expense of hedged instruments under the special treatment.

Current fiscal year (As of March 31, 2018)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year included herein	Fair value
Special treatment	Swaps: Receive floating/pay fixed	Long-term borrowings	71,700	45,500	Note 2
Deferral hedge accounting	Swaps: Receive floating/pay fixed	Long-term borrowings	1,351,161	867,147	8,261
Total			—	—	8,261

Notes: 1. Calculation of fair value is based on discounted cash flows and others.

2. The fair value of interest rate swaps which are accounted using special treatment is included in that of corresponding hedged long-term borrowings in “2. Fair Value of Financial Instruments” under “For financial instruments” as those interest rate swaps are recorded as an adjustment to interest expense of hedged instruments under the special treatment.

(3) Commodity-related transactions

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year included herein	Fair value
Deferral hedge accounting	Forward contracts: Buy:	Aluminum	1,072	—	284
		Platinum	1,022	—	44
Total			—	—	328

Note: Calculation of fair value is based on discounted cash flows and others.

Prior fiscal year (As of March 31, 2018)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion due after one year included herein	Fair value
Deferral hedge accounting	Forward contracts: Buy:	Aluminum	1,498	—	(28)
		Platinum	645	—	(5)
		Palladium	2,917	—	(58)
Total			—	—	(91)

Note: Calculation of fair value is based on discounted cash flows and others.

(For retirement benefits)

1. Description of retirement benefit plans

The Group has several defined-benefit and defined-contribution pension plans. The Company and certain consolidated subsidiaries have adopted both defined-benefit and defined-contribution pension plans, whereas certain other consolidated subsidiaries have either defined-benefit or defined-contribution pension plans. The defined-benefit pension plans adopted by the Company and certain domestic subsidiaries include lump-sum payment plans and defined-benefit corporate pension plans. Certain employees may be entitled to additional special retirement benefits, depending on the conditions for the termination of their employment. Certain consolidated subsidiaries apply a simplified method for calculation of net defined benefit liability, net defined benefit assets and retirement benefit expenses.

2. Defined-benefit pension plan

(1) Adjustments between the beginning and ending balances of retirement benefit obligation (excluding those listed in (3) below)

	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Retirement benefit obligation at the beginning of the year	1,469,176	1,381,325
Service cost	35,291	33,592
Interest cost	27,986	28,113
Actuarial gain and loss generated	41,297	8,215
Past service cost generated	(12)	(7,962)
Retirement benefits paid	(62,627)	(67,772)
Effect of foreign exchange translation	(41,791)	2,580
Decrease due to exclusion from consolidation	(89,595)	—
Other	1,600	1,754
Retirement benefit obligation at the end of the year	1,381,325	1,379,845

(2) Adjustments between the beginning and ending balances of plan assets (excluding those listed in (3) below)

	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Plan assets at the beginning of the year	1,050,281	1,021,050
Expected return on plan assets (Note)	46,885	44,705
Actuarial gain and loss generated	64,199	11,325
Contribution from employers	19,820	17,239
Retirement benefits paid	(58,103)	(61,181)
Effect of foreign exchange translation	(30,599)	3,223
Decrease due to exclusion from consolidation	(72,910)	—
Other	1,477	1,793
Plan assets at the end of the year	1,021,050	1,038,154

Note: Interest from plan assets of net interest from net defined liability of consolidated foreign subsidiaries which adopt IFRS has been included.

(3) Adjustments between the beginning and ending balances of net defined benefit liability and net defined benefit assets for plans using a simplified method

	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Net defined benefit liability and net defined benefit assets at the beginning of the year	537	615
Retirement benefit expenses	251	198
Retirement benefits paid	(55)	(98)
Contribution to plans	(118)	(97)
Net defined benefit liability and net defined benefit assets at the end of the year	615	618

(4) Adjustments between the ending balances of retirement benefit obligation and plan assets and the net defined benefit liability and net defined benefit assets reported on the balance sheets

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Retirement benefit obligation for funded plans	1,306,081	1,305,498
Plan assets	(1,021,937)	(1,039,104)
	284,144	266,394
Retirement benefit obligation for unfunded plans	76,746	75,915
Net defined liability and assets reported on the consolidated balance sheets	360,890	342,309
Net defined benefit liability	369,346	352,861
Net defined benefit assets	(8,456)	(10,552)
Net defined liability and assets reported on the consolidated balance sheets	360,890	342,309

(5) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Service cost (Note 1)	35,542	33,791
Interest cost	27,986	28,113
Expected return on plan assets	(46,885)	(44,705)
Amortization of actuarial gain and loss	15,537	13,998
Amortization of past service cost	(5,473)	(20,169)
Other	1,393	795
Retirement benefit expenses for defined benefit plans	28,100	11,823

Notes: 1. The retirement benefit expenses of consolidated subsidiaries adopting the simplified method are included in "Service cost."

2. In addition to the retirement benefit expenses referred to above, additional retirement expenses of ¥1,942 million for the prior fiscal year were accounted for as "Other," under "Special losses" in the consolidated statements of income.

(6) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (reported under "Other comprehensive income" in the statements of comprehensive income) consist of the following (before tax effects).

	(Millions of yen)	
	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Past service cost	(2,222)	(12,885)
Actuarial gain and loss	52,035	17,368
Total	49,813	4,483

(7) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (reported under "Accumulated other comprehensive income" in the net assets section in the consolidated balance sheets) consist of the following (before tax effects).

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Unrecognized past service cost	20,808	7,923
Unrecognized actuarial gain and loss	(191,671)	(174,303)
Total	(170,863)	(166,380)

(8) Matters regarding plan assets

① Major components of plan assets

Plan assets consist of the following.

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Stocks	43%	43%
Bonds	34%	36%
Cash and deposits	2%	1%
Real estate (including REITs)	7%	7%
Other	14%	13%
Total	100%	100%

Notes: 1. Securities contributed to the retirement benefit trust included in the total plan assets were 4.3% for the prior year and 3.0% for the current fiscal year.

2. "Other" includes components for which it is difficult to categorize into specific types of plan assets, such as stocks and bonds, and to identify the percentage and the amount by types of assets.

② Method for determining the long-term expected return on plan assets

To determine the long-term expected return on plan assets, the portfolio and past performance of the plan assets held, long-term investment policies and market trends, among others, are considered.

(9) Assumptions used in actuarial calculations

Major assumptions used in actuarial calculations

Domestic companies

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Discount rates	0.1%–1.0%	0.2%–0.9%
Long-term expected rates of return on plan assets	Mainly 4.0%	Mainly 4.0%
Expected future salary increase	2.0%–5.5%	2.4%–5.5%

Foreign companies

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Discount rates	1.8%–4.6%	1.8%–4.2%
Long-term expected rates of return on plan assets (US GAAP adoption companies only)	7.0%–8.5%	Mainly 8.0%
Expected future salary increase	2.5%–6.0%	2.5%–6.0%

3. Defined-contribution pension plans

The required amounts of contribution to the Group's defined-contribution pension plans were ¥18,581 million for the prior fiscal year and ¥18,374 million for the current fiscal year.

(For share-based payments)

1. The account and the amount of stock options charged as expenses

(Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Salaries and wages in Selling, general and administrative expenses	—	—

2. The amount of stock options charged as income due to their forfeiture resulting from nonuse

(Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Special gains	89	72

3. Description of stock options/Changes in the size of stock options

(1) Description of stock options

Company name	The Company	The Company
	2007 Stock Options [2nd]	2008 Stock Options
Category and number of people to whom stock options are granted	The Company's employees: 12	The Company's employees: 121
Type and number of shares	Common stock 360,000 shares	Common stock 3,620,000 shares
Grant date	December 21, 2007	May 16, 2008
Vesting conditions	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The holders must achieve their respective targets.
Vesting period	From December 21, 2007 To March 31, 2010	From May 16, 2008 To May 16, 2010
Exercise period	From April 1, 2010 To June 19, 2017	From May 17, 2010 To April 23, 2018

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the year ended March 31, 2018.

The number of stock options is translated into the number of shares.

① Number of stock options

Company name	The Company	The Company
	2007 Stock Options [2nd]	2008 Stock Options
Share subscription rights which are not yet vested (shares):		
As of March 31, 2017	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Balance of options not vested	—	—
Share subscription rights which have already been vested (shares):		
As of March 31, 2017	350,100	1,890,900
Vested	—	—
Exercised	—	1,391,800
Forfeited	350,100	—
Balance of options not exercised	—	499,100

② Per share prices

Company name	The Company	The Company
	2007 Stock Options [2nd]	2008 Stock Options
Exercise price (Yen)	1,205	975
Average price per share upon exercise (Yen)	—	1,117
Fair value per share at grant date (Yen)	205.43	168.99

4. Method for estimating the per share fair value of stock options

During the fiscal year ended March 31, 2018, there were no stock options that were granted or for which the fair value per share had been changed due to the alteration of conditions.

5. Estimation of the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, historical data is reflected for the options that have not yet been vested, and the number of options that have actually forfeited is reflected for the options that have already been vested.

(For tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Deferred tax assets:		
Net operating loss carry forwards	127,630	149,368
Net defined benefit liability	106,520	87,635
Accrued warranty costs	89,340	74,140
Research and development expenses	35,501	50,514
Loss for residual value risk of leased vehicles	69,774	48,815
Sales incentives	63,621	36,603
Allowance for doubtful receivable	42,371	34,074
Service costs	39,914	25,171
Impairment loss	23,155	22,970
Allowance for bonus	19,582	18,809
Excess depreciation	15,316	14,131
Other	295,155	262,156
Total gross deferred tax assets	927,879	824,386
Valuation allowance	(98,348)	(88,596)
Total deferred tax assets	829,531	735,790
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law, etc.	(880,310)	(599,308)
Difference between cost of investments and their underlying net equity at fair value on land	(52,727)	(52,688)
Unrealized holding gain on securities	(19,870)	(23,404)
Other	(145,213)	(127,026)
Total deferred tax liabilities	(1,098,120)	(802,426)
Net deferred tax assets	(268,589)	(66,636)

Note: Net deferred tax assets as of March 31, 2017 and 2018 are reflected in the following accounts in the consolidated balance sheets:

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Current assets—deferred tax assets	156,457	152,452
Fixed assets—deferred tax assets	176,354	175,940
Current liabilities—deferred tax liabilities	2	2
Long-term liabilities—deferred tax liabilities	601,398	395,026

2. The reconciliation between the effective tax rates reflected in the consolidated financial statements and the statutory tax rate is summarized as follows:

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Statutory tax rate of the Company	30.8%	30.8%
(Reconciliation)		
• Different tax rates applied to foreign consolidated subsidiaries	0.2%	(1.6%)
• Tax credits	(2.4%)	(3.7%)
• Change in valuation allowance	1.4%	4.7%
• Equity in gain and loss of affiliates	(4.7%)	(8.9%)
• Undistributed retained earnings of foreign consolidated subsidiaries	0.6%	1.3%
• Reduction in year-end deferred tax assets and deferred tax liabilities due to tax rate change	0.0%	(32.6%)
• Other	1.5%	2.6%
Effective tax rates after adoption of tax-effect accounting	27.4%	(7.4%)

3. Amendments to deferred tax assets and deferred tax liabilities due to the enactment of the Tax Cuts and Job Act in the United States of America

The Tax Cuts and Jobs Act was enacted in the U.S. on December 22, 2017. Due to the Act, the federal corporate income tax rate applicable to the Company's U.S. consolidated subsidiaries was reduced from 35% to 21%.

The Company has recognized the impact of the enactment of the Tax Cuts and Jobs Act as a ¥231,841 million decrease in income taxes including a remeasurement of deferred tax assets and liabilities of its U.S. consolidated subsidiaries, in the current fiscal year ended March 31, 2018. As a result, net income has increased by the same amount.

(For assets retirement obligations)

Prior fiscal year (As of March 31, 2017)

This information is not provided due to its low materiality.

Current fiscal year (As of March 31, 2018)

This information is not provided due to its low materiality.

(For investment and rental property)

The Company and some of its subsidiaries have rental property in Japan (Tokyo, Kanagawa, Osaka and others) and overseas, which is mainly used for vehicle and parts dealers.

For the fiscal year ended March 31, 2017, net income from rental property amounted to ¥4,833 million and net gain on sales of rental property amounted to ¥1,359 million. For the fiscal year ended March 31, 2018, net income from rental property amounted to ¥5,084 million and net gain on sales of rental property amounted to ¥27 million.

The carrying value, increase/decrease thereof and fair value of rental property are as follows.

(Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Carrying value		
Balance at the beginning of the year	118,455	108,626
Increase/Decrease during the year	(9,829)	1,851
Balance at the end of the year	108,626	110,477
Fair value at the end of the year	107,698	113,894

Notes: 1. The carrying value shown here is calculated by deducting the relevant accumulated depreciation and impairment loss from the property's acquisition cost.

2. The main component of the decrease during the prior fiscal year is the exclusion of the lenders from the scope of consolidation amounting to ¥8,498 million.

3. The fair value was mainly based on real-estate appraisal value which was calculated by external real-estate appraisers.

(Segments of an enterprise and related information)

Segment information

1. General information about reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decision about resource allocation and to assess their performance.

Businesses of the Group are segmented into Automobile and Sales financing based on feature of products and services. The Automobile business includes manufacturing and sales of vehicles and parts. The Sales financing business provides sales finance service and leasing to support sales activities of the above business.

2. Calculation method of net sales, profits or losses, assets and other items by reportable segments

The accounting method for the reportable segments is the same as basis of preparation for the consolidated financial statements.

The segment profits are based on operating income. Inter-segment sales are based on the price in arms-lengths transaction. The segment assets are based on total assets.

3. Net sales, profits or losses, assets and other items by reportable segments

Prior fiscal year (From April 1, 2016 To March 31, 2017)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2017
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	10,770,598	949,443	11,720,041	—	11,720,041
Inter-segment sales or transfers	134,639	33,788	168,427	(168,427)	—
Total	10,905,237	983,231	11,888,468	(168,427)	11,720,041
Segment profits	534,749	183,883	718,632	23,596	742,228
Segment assets	9,396,179	10,570,503	19,966,682	(1,545,674)	18,421,008
Other items					
Depreciation and amortization expense	387,935	453,122	841,057	—	841,057
Amortization of goodwill	1,818	—	1,818	—	1,818
Interest expense (Cost of sales)	—	142,117	142,117	(36,935)	105,182
Investment amounts to equity method companies	951,682	8,405	960,087	—	960,087
Increase amounts of fixed assets and intangible fixed assets	440,688	1,355,903	1,796,591	—	1,796,591

Note 1: Consolidated financial statements by business segments

- The Sales financing segment for the summarized consolidated balance sheets, summarized consolidated statements of income and summarized consolidated statements of cash flows consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (U.S.A.), NR Finance Mexico S.A. de C.V. SOFOM ER (Mexico), other 8 companies and the sales finance operations of Nissan Canada Inc. (Canada).
- The financial data on Automobile & Eliminations represent the differences between the consolidated figures and those for the Sales financing segment.

(1) Summarized consolidated balance sheets by business segments

(Millions of yen)

Accounts	Prior fiscal year (As of March 31, 2017)		
	Automobile & Eliminations	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	1,075,055	47,429	1,122,484
Trade notes and accounts receivable	806,925	2,056	808,981
Sales finance receivables	(7,679)	7,348,315	7,340,636
Inventories	1,221,459	51,702	1,273,161
Other current assets	598,808	318,479	917,287
Total current assets	3,694,568	7,767,981	11,462,549
II. Fixed assets			
Property, plant and equipment, net	2,624,073	2,651,148	5,275,221
Investment securities	1,135,752	22,924	1,158,676
Other fixed assets	396,112	128,450	524,562
Total fixed assets	4,155,937	2,802,522	6,958,459
Total assets	7,850,505	10,570,503	18,421,008
Liabilities			
I. Current liabilities			
Trade notes and accounts payable	1,488,771	89,823	1,578,594
Short-term borrowings	(826,610)	3,945,366	3,118,756
Lease obligations	31,565	—	31,565
Other current liabilities	1,927,229	398,076	2,325,305
Total current liabilities	2,620,955	4,433,265	7,054,220
II. Long-term liabilities			
Bonds	275,000	1,218,159	1,493,159
Long-term borrowings	45,622	3,058,181	3,103,803
Lease obligations	20,393	5	20,398
Other long-term liabilities	741,719	840,573	1,582,292
Total long-term liabilities	1,082,734	5,116,918	6,199,652
Total liabilities	3,703,689	9,550,183	13,253,872
Net assets			
I. Shareholders' equity			
Common stock	432,905	172,909	605,814
Capital surplus	784,084	33,380	817,464
Retained earnings	3,535,240	813,896	4,349,136
Treasury stock	(140,697)	—	(140,697)
Total shareholders' equity	4,611,532	1,020,185	5,631,717
II. Accumulated other comprehensive income			
Translation adjustments	(651,809)	(36,032)	(687,841)
Others	(86,404)	4,375	(82,029)
Total accumulated other comprehensive income	(738,213)	(31,657)	(769,870)
III. Share subscription rights	391	—	391
IV. Non-controlling interests	273,106	31,792	304,898
Total net assets	4,146,816	1,020,320	5,167,136
Total liabilities and net assets	7,850,505	10,570,503	18,421,008

Notes: 1. The sales finance receivables of Automobile & Eliminations represent the amount eliminated for intercompany transactions related to wholesale finance made by the Sales financing segment.

2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥1,315,905 million.

(2) Summarized consolidated statements of income by business segments

(Millions of yen)

Accounts	Prior fiscal year (From April 1, 2016 To March 31, 2017)		
	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	10,736,810	983,231	11,720,041
Cost of sales	8,769,239	653,312	9,422,551
Gross profit	1,967,571	329,919	2,297,490
Operating income as a percentage of net sales	5.2%	18.7%	6.3%
Operating income	558,345	183,883	742,228
Financial income / expenses, net	11,075	81	11,156
Other non-operating income and expenses, net	110,149	1,200	111,349
Ordinary income	679,569	185,164	864,733
Income before income taxes	788,925	176,232	965,157
Net income attributable to owners of parent	570,500	92,999	663,499

(3) Summarized consolidated statements of cash flows by business segments

(Millions of yen)

Accounts	Prior fiscal year (From April 1, 2016 To March 31, 2017)		
	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes	788,925	176,232	965,157
Depreciation and amortization	387,935	453,122	841,057
Decrease (increase) in sales finance receivables	2,192	(768,086)	(765,894)
Others	58,977	236,176	295,153
Net cash provided by operating activities	1,238,029	97,444	1,335,473
II. Cash flows from investing activities			
Purchase of investment securities	(270,228)	—	(270,228)
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	97,055	—	97,055
Purchases of fixed assets	(411,291)	(92,454)	(503,745)
Proceeds from sales of fixed assets	21,558	51,256	72,814
Purchases of leased vehicles	(335)	(1,293,505)	(1,293,840)
Proceeds from sales of leased vehicles	11	512,364	512,375
Others	2,329	5,614	7,943
Net cash used in investing activities	(560,901)	(816,725)	(1,377,626)
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	137,236	(121,117)	16,119
Net change in long-term borrowings and redemption of bonds	(105,935)	116,819	10,884
Proceeds from issuance of bonds	125,000	753,641	878,641
Purchase of treasury stock	(277,419)	—	(277,419)
Others	(282,077)	(25,538)	(307,615)
Net cash provided by (used in) financing activities	(403,195)	723,805	320,610
IV. Effect of exchange rate changes on cash and cash equivalents	(33,617)	(1,258)	(34,875)
V. Increase in cash and cash equivalents	240,316	3,266	243,582
VI. Cash and cash equivalents at the beginning of the period	944,212	47,883	992,095
VII. Increase due to inclusion in consolidation	5,447	—	5,447
VIII. Cash and cash equivalents at the end of the period	1,189,975	51,149	1,241,124

Notes: 1. The net increase (decrease) in short-term borrowings of Automobile & Eliminations includes the amount of ¥125,659 million eliminated for net decrease in internal loans receivable from the Sales financing segment.

2. The net change in long-term borrowings and redemption of bonds of Automobile & Eliminations includes the amount of ¥58,339 million eliminated for net decrease in internal loans receivable from the Sales financing segment.

Note 2: Net sales and profits or losses by region

Prior fiscal year (From April 1, 2016 To March 31, 2017)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	2,173,881	5,924,032	1,605,613	1,007,105	1,009,410	11,720,041	—	11,720,041
(2) Inter-segment sales	2,544,563	427,699	315,030	602,477	13,451	3,903,220	(3,903,220)	—
Total	4,718,444	6,351,731	1,920,643	1,609,582	1,022,861	15,623,261	(3,903,220)	11,720,041
Operating income (loss)	410,114	287,712	(25,193)	61,919	(15,822)	718,730	23,498	742,228

Notes: 1. Regions are representing the location of the Company and its group companies.

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

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

- (1) North America : The United States of America, Canada and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia and other European countries
- (3) Asia : China, Thailand, India and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa and Central and South America excluding Mexico

Current fiscal year (From April 1, 2017 To March 31, 2018)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2018
	Automobile	Sales financing	Total		
Net sales					
Sales to third parties	10,851,955	1,099,214	11,951,169	—	11,951,169
Inter-segment sales or transfers	175,908	50,103	226,011	(226,011)	—
Total	11,027,863	1,149,317	12,177,180	(226,011)	11,951,169
Segment profits	335,574	215,338	550,912	23,848	574,760
Segment assets	9,307,392	10,912,465	20,219,857	(1,472,956)	18,746,901
Other items					
Depreciation and amortization expense	373,038	516,193	889,231	—	889,231
Amortization of goodwill	1,057	—	1,057	—	1,057
Interest expense (Cost of sales)	—	195,373	195,373	(39,837)	155,536
Investment amounts to equity method companies	1,048,774	11,256	1,060,030	—	1,060,030
Increase amounts of fixed assets and intangible fixed assets	410,139	1,377,306	1,787,445	—	1,787,445

Note 1: Consolidated financial statements by business segments

- The Sales financing segment for the summarized consolidated balance sheets, summarized consolidated statements of income and summarized consolidated statements of cash flows consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (U.S.A.), NR Finance Mexico S.A. de C.V. SOFOM ER (Mexico), other 10 companies and the sales finance operations of Nissan Canada Inc. (Canada).
- The financial data on Automobile & Eliminations represent the differences between the consolidated figures and those for the Sales financing segment.

(1) Summarized consolidated balance sheets by business segments

(Millions of yen)

Accounts	Current fiscal year (As of March 31, 2018)		
	Automobile & Eliminations	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	1,073,609	61,229	1,134,838
Trade notes and accounts receivable	738,549	1,302	739,851
Sales finance receivables	(13,883)	7,648,639	7,634,756
Inventories	1,241,663	48,886	1,290,549
Other current assets	502,910	379,941	882,851
Total current assets	3,542,848	8,139,997	11,682,845
II. Fixed assets			
Property, plant and equipment, net	2,624,059	2,641,575	5,265,634
Investment securities	1,262,291	2,241	1,264,532
Other fixed assets	405,238	128,652	533,890
Total fixed assets	4,291,588	2,772,468	7,064,056
Total assets	7,834,436	10,912,465	18,746,901
Liabilities			
I. Current liabilities			
Trade notes and accounts payable	1,599,075	47,563	1,646,638
Short-term borrowings	(731,635)	3,486,861	2,755,226
Lease obligations	25,766	—	25,766
Other current liabilities	1,846,495	470,261	2,316,756
Total current liabilities	2,739,701	4,004,685	6,744,386
II. Long-term liabilities			
Bonds	175,000	1,712,404	1,887,404
Long-term borrowings	(115,308)	3,169,020	3,053,712
Lease obligations	16,240	8	16,248
Other long-term liabilities	747,200	609,216	1,356,416
Total long-term liabilities	823,132	5,490,648	6,313,780
Total liabilities	3,562,833	9,495,333	13,058,166
Net assets			
I. Shareholders' equity			
Common stock	431,212	174,602	605,814
Capital surplus	753,586	62,327	815,913
Retained earnings	3,698,639	1,210,108	4,908,747
Treasury stock	(139,970)	—	(139,970)
Total shareholders' equity	4,743,467	1,447,037	6,190,504
II. Accumulated other comprehensive income			
Translation adjustments	(654,184)	(79,387)	(733,571)
Others	(80,369)	8,173	(72,196)
Total accumulated other comprehensive income	(734,553)	(71,214)	(805,767)
III. Share subscription rights	84	—	84
IV. Non-controlling interests	262,605	41,309	303,914
Total net assets	4,271,603	1,417,132	5,688,735
Total liabilities and net assets	7,834,436	10,912,465	18,746,901

Notes: 1. The sales finance receivables of Automobile & Eliminations represent the amount eliminated for intercompany transactions related to wholesale finance made by the Sales financing segment.

2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥1,201,361 million.

(2) Summarized consolidated statements of income by business segments

(Millions of yen)

Accounts	Current fiscal year (From April 1, 2017 To March 31, 2018)		
	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	10,801,852	1,149,317	11,951,169
Cost of sales	9,037,294	776,707	9,814,001
Gross profit	1,764,558	372,610	2,137,168
Operating income as a percentage of net sales	3.3%	18.7%	4.8%
Operating income	359,422	215,338	574,760
Financial income / expenses, net	14,969	116	15,085
Other non-operating income and expenses, net	158,294	2,163	160,457
Ordinary income	532,685	217,617	750,302
Income before income taxes	483,900	226,843	710,743
Net income attributable to owners of parent	320,789	426,103	746,892

(3) Summarized consolidated statements of cash flows by business segments

(Millions of yen)

Accounts	Current fiscal year (From April 1, 2017 To March 31, 2018)		
	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes	483,900	226,843	710,743
Depreciation and amortization	373,038	516,193	889,231
Decrease (increase) in sales finance receivables	6,000	(536,842)	(530,842)
Others	(105,779)	107,897	2,118
Net cash provided by operating activities	757,159	314,091	1,071,250
II. Cash flows from investing activities			
Purchases of investment securities	(1,576)	(24,631)	(26,207)
Purchases of fixed assets	(380,149)	(18,648)	(398,797)
Proceeds from sales of fixed assets	17,780	21,962	39,742
Purchases of leased vehicles	1	(1,430,562)	(1,430,561)
Proceeds from sales of leased vehicles	7	645,160	645,167
Others	13,797	9,140	22,937
Net cash used in investing activities	(350,140)	(797,579)	(1,147,719)
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(84,114)	(63,394)	(147,508)
Net change in long-term borrowings and redemption of bonds	(116,079)	(296,752)	(412,831)
Proceeds from issuance of bonds	—	858,002	858,002
Purchases of treasury stock	(6)	—	(6)
Others	(260,840)	(7)	(260,847)
Net cash provided by (used in) financing activities	(461,039)	497,849	36,810
IV. Effect of exchange rate changes on cash and cash equivalents	4,666	(131)	4,535
V. Increase (decrease) in cash and cash equivalents	(49,354)	14,230	(35,124)
VI. Cash and cash equivalents at the beginning of the period	1,189,975	51,149	1,241,124
VII. Increase due to inclusion in consolidation	—	—	—
VIII. Cash and cash equivalents at the end of the period	1,140,621	65,379	1,206,000

Notes: 1. The net increase (decrease) in short-term borrowings of Automobile & Eliminations includes the amount of ¥48,436 million eliminated for net increase in internal loans receivable from the Sales financing segment.

2. The net change in long-term borrowings and redemption of bonds of Automobile & Eliminations includes the amount of ¥130,604 million eliminated for net decrease in internal loans receivable from the Sales financing segment.

Note 2: Net sales and profits or losses by region

Current fiscal year (From April 1, 2017 To March 31, 2018)

(Millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	2,194,482	5,978,226	1,784,063	1,001,973	992,425	11,951,169	—	11,951,169
(2) Inter-segment sales	2,452,709	443,669	307,889	551,760	13,794	3,769,821	(3,769,821)	—
Total	4,647,191	6,421,895	2,091,952	1,553,733	1,006,219	15,720,990	(3,769,821)	11,951,169
Operating income (loss)	284,198	200,047	14,331	53,572	(13,980)	538,168	36,592	574,760

- Notes:
1. Regions are representing the location of the Company and its group companies.
 2. Areas are segmented based on their geographical proximity and their mutual operational relationship.
 3. Major countries and areas which belong to segments other than Japan are as follows:
 - (1) North America : The United States of America, Canada and Mexico
 - (2) Europe : France, The United Kingdom, Spain, Russia and other European countries
 - (3) Asia : China, Thailand, India and other Asian countries
 - (4) Other overseas countries : Oceania, Middle East, South Africa and Central and South America excluding Mexico

Related information

Prior fiscal year (From April 1, 2016 To March 31, 2017)

1. Information by product and service

This information is not provided here because it is the same as the information provided under “Segment information.”

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,827,937	5,807,622	4,812,984	1,670,283	1,260,964	1,153,235	11,720,041

Notes: 1. Regions represent customers' location.

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

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

- (1) North America : The United States of America, Canada and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia and other European countries
- (3) Asia : China, Thailand, India and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, Central and South America excluding Mexico, etc.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,490,827	3,188,705	2,703,519	276,310	235,888	83,491	5,275,221

Notes: 1. Regions represent the location of the Company and its group companies.

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

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

- (1) North America : The United States of America, Canada and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia and other European countries
- (3) Asia : China, Thailand, India and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, Central and South America excluding Mexico

3. Information by major customer

This information is not provided because there were no customers that accounted for 10% or more of the net sales to third parties recorded in the consolidated statements of income.

Current fiscal year (From April 1, 2017 To March 31, 2018)

1. Information by product and service

This information is not provided here because it is the same as the information provided under “Segment information.”

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,841,268	5,839,868	4,726,783	1,845,292	1,279,439	1,145,302	11,951,169

Notes: 1. Regions represent customers' location.

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

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

- (1) North America : The United States of America, Canada and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia and other European countries
- (3) Asia : China, Thailand, India and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, Central and South America excluding Mexico, etc.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,502,501	3,136,175	2,622,574	303,462	223,536	99,960	5,265,634

Notes: 1. Regions represent the location of the Company and its group companies.

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

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

- (1) North America : The United States of America, Canada and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia and other European countries
- (3) Asia : China, Thailand, India and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, Central and South America excluding Mexico

3. Information by major customer

This information is not provided because there were no customers that accounted for 10% or more of the net sales to third parties recorded in the consolidated statements of income.

Information about the impairment loss on fixed assets by reportable segments

Prior fiscal year (From April 1, 2016 To March 31, 2017)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Total
	Automobile	Sales financing	Total		
Impairment loss	5,532	—	5,532	—	5,532

Current fiscal year (From April 1, 2017 To March 31, 2018)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Total
	Automobile	Sales financing	Total		
Impairment loss	16,166	—	16,166	—	16,166

Information about the amortization of goodwill and unamortized balance by reportable segments

Prior fiscal year (From April 1, 2016 To March 31, 2017)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Total
	Automobile	Sales financing	Total		
Amortization of goodwill	1,818	—	1,818	—	1,818
Balance at the end of the year	7,764	—	7,764	—	7,764

Current fiscal year (From April 1, 2017 To March 31, 2018)

(Millions of yen)

	Reportable segments			Elimination of inter-segment transactions	Total
	Automobile	Sales financing	Total		
Amortization of goodwill	1,057	—	1,057	—	1,057
Balance at the end of the year	6,719	—	6,719	—	6,719

Information about the gain recognized on negative goodwill by reportable segments

Prior fiscal year (From April 1, 2016 To March 31, 2017)

This information is not provided due to its low materiality.

Current fiscal year (From April 1, 2017 To March 31, 2018)

This information is not provided due to its low materiality.

(Information of related parties)

1. Transactions with related parties

Prior fiscal year (From April 1, 2016 To March 31, 2017)

There are no significant transactions to be disclosed.

Current fiscal year (From April 1, 2017 To March 31, 2018)

There are no significant transactions to be disclosed.

2. Notes on the parent company and significant affiliates

Condensed financial information of significant affiliates:

Prior fiscal year (From April 1, 2016 To March 31, 2017)

Combined and condensed financial information (from January 1, 2016 to December 31, 2016) of Renault and Dongfeng Motor Co., Ltd., which are defined as significant affiliates for the prior fiscal year, is as follows.

Total current assets	¥8,956,753 million
Total fixed assets	¥5,702,466 million
Total current liabilities	¥8,753,494 million
Total long-term liabilities	¥1,221,765 million
Total net assets	¥4,683,960 million
Net sales	¥8,781,375 million
Income before income taxes	¥862,421 million
Net income	¥617,104 million

Current fiscal year (From April 1, 2017 To March 31, 2018)

Combined and condensed financial information (from January 1, 2017 to December 31, 2017) of Renault and Dongfeng Motor Co., Ltd., which are defined as significant affiliates for the current fiscal year, is as follows.

Total current assets	¥10,793,705 million
Total fixed assets	¥6,465,410 million
Total current liabilities	¥10,404,721 million
Total long-term liabilities	¥1,454,703 million
Total net assets	¥5,399,691 million
Net sales	¥10,459,186 million
Income before income taxes	¥1,119,378 million
Net income	¥877,748 million

(Amounts per share)

(Yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Net assets per share	1,242.90	1,377.05
Basic earnings per share	165.94	190.96
Diluted earnings per share	165.94	190.96

Notes: 1. The basis for calculation of the basic earnings per share and the diluted earnings per share is as follows.

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Basic earnings per share:		
Net income attributable to owners of parent (Millions of yen)	663,499	746,892
Net income attributable to owners of parent relating to common stock (Millions of yen)	663,499	746,892
Average number of shares of common stock during the fiscal year (Thousands of shares)	3,998,385	3,911,158
Diluted earnings per share:		
Increase in shares of common stock (Thousands of shares)	140	58
(Exercise of share subscription rights (Thousands of shares))	140	58
Securities excluded from the computation of diluted earnings per share because they do not have dilutive effects.	6th share subscription rights (the number of share subscription rights is 3,501 units) Refer to "Status of share subscription rights" for a summary.	—

2. The basis for calculation of the net assets per share is as follows.

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Total net assets (Millions of yen)	5,167,136	5,688,735
Amounts deducted from total net assets (Millions of yen)	305,289	303,998
(Share subscription rights (Millions of yen))	391	84
(Non-controlling interests (Millions of yen))	304,898	303,914
Net assets attributable to shares of common stock at year end (Millions of yen)	4,861,847	5,384,737
The year-end number of shares of common stock used for the calculation of net assets per share (Thousands of shares)	3,911,690	3,910,356

(Significant subsequent events)

Not applicable.

⑤ Consolidated supplemental schedules

Schedule of bonds payable

Company	Description	Date of Issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
*1	52nd unsecured bonds	April 28, 2010	30,000	—	1.17	None	April 28, 2017
*1	53rd unsecured bonds	April 28, 2010	20,000	20,000	1.744	"	April 28, 2020
*1	55th unsecured bonds	April 25, 2013	100,000	—	0.415	"	March 20, 2018
*1	56th unsecured bonds	April 25, 2013	10,000	10,000	0.554	"	March 19, 2020
*1	57th unsecured bonds (Note 2)	April 25, 2014	100,000	(100,000) 100,000	0.314	"	March 20, 2019
*1	58th unsecured bonds	April 25, 2014	20,000	20,000	0.779	"	March 19, 2024
*1	59th unsecured bonds	April 15, 2016	80,000	80,000	0.15	"	March 19, 2021
*1	60th unsecured bonds	April 15, 2016	25,000	25,000	0.22	"	March 20, 2023
*1	61st unsecured bonds	April 15, 2016	20,000	20,000	0.33	"	March 19, 2026
*2	Bonds issued by subsidiaries (Note 2)	2013 - 2018	390,000	(70,000) 475,000	0.001 - 0.5	"	2018 - 2023
*3	Bonds issued by subsidiaries (Note 2)	2013 - 2018	917,830 [\$8,181,034 thousand]	(226,637) [\$2,133,252 thousand] 1,193,081 [\$11,230,052 thousand]	1.6 - 3.5	"	2018 - 2023
*3	Bonds issued by subsidiaries	2017 - 2018	—	30,069 [MXN 5,140,000 thousand]	7.7 - 8.3	"	2020 - 2021
*3	Bonds issued by subsidiaries	2016 - 2018	84,050 [CAD 999,997 thousand]	164,760 [CAD 1,999,998 thousand]	1.6 - 2.6	"	2019 - 2021
*3	Bonds issued by subsidiaries	2016 - 2018	64,380 [AUD 750,000 thousand]	85,743 [AUD 1,050,000 thousand]	2.1 - 3.0	"	2019 - 2021
*3	Bonds issued by subsidiaries	2017	—	60,388 [CNY 3,492,663 thousand]	4.5 - 5.0	"	2020
Total (Note 2)		—	1,861,260	(396,637) 2,284,041	—		—

Notes: 1. *1 The Company *2 Domestic subsidiaries *3 Foreign subsidiaries

2. The amounts in parentheses presented under "Balance at the end of current fiscal year" represent the amounts scheduled to be redeemed within one year.

3. The redemption schedule of bonds for 5 years subsequent to March 31, 2018 is summarized as follows:

(Millions of yen)				
Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
396,637	548,536	780,945	214,266	303,657

Schedule of borrowings

(Millions of yen)

Category	Balance at the beginning of current fiscal year	Balance at the end of current fiscal year	Average interest rate (%)	Maturity
Short-term borrowings	467,793	461,849	3.25	—
Nonrecourse short-term borrowings	512,861	341,103	2.45	—
Current portion of long-term borrowings	562,513	472,681	2.20	—
Current portion of nonrecourse long-term borrowings	777,469	680,038	1.66	—
Commercial papers	430,019	402,918	2.02	—
Current portion of lease obligations	31,565	25,766	1.75	—
Long-term borrowings (excluding current portion)	2,030,743	1,771,081	2.27	April 2019 to November 2036
Nonrecourse long-term borrowings (excluding current portion)	1,073,060	1,282,631	2.25	April 2019 to September 2027
Lease obligations (excluding current portion)	20,398	16,248	1.68	April 2019 to March 2032
Total	5,906,421	5,454,315	—	—

Notes: 1. The average interest rate represents the weighted-average rate applicable to the year-end balance.

2. The following table shows the aggregate annual maturities of long-term borrowings (excluding the current portion), nonrecourse long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for 5 years subsequent to March 31, 2018.

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term borrowings	557,789	714,451	401,706	71,171
Nonrecourse long-term borrowings	802,362	410,743	60,748	7,750
Lease obligations	9,347	3,469	2,168	745

Schedule of asset retirement obligations

The schedule of asset retirement obligations is not provided because the amounts of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2018 were less than one hundredth (1%) of the amounts of total liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2018.

(2) Other

Quarterly financial information for the fiscal year ended March 31, 2018

(Millions of yen)

Cumulative period	1st Quarter (Three months ended June 30, 2017)	2nd Quarter (Six months ended September 30, 2017)	3rd Quarter (Nine months ended December 31, 2017)	4th Quarter (Fiscal year ended March 31, 2018)
Net sales	2,760,436	5,652,509	8,527,992	11,951,169
Income before income taxes	186,090	364,950	488,436	710,743
Net income attributable to owners of parent	134,916	276,509	578,135	746,892
Basic earnings per share (Yen)	34.49	70.69	147.81	190.96

Each quarter	1st Quarter (From April 1, 2017 To June 30, 2017)	2nd Quarter (From July 1, 2017 To September 30, 2017)	3rd Quarter (From October 1, 2017 To December 31, 2017)	4th Quarter (From January 1, 2018 To March 31, 2018)
Basic earnings per share (Yen)	34.49	36.20	77.12	43.16

2. Non-Consolidated Financial Statements

(1) Non-consolidated financial statements

① Non-consolidated balance sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Assets		
Current assets		
Cash on hand and in banks	356,970	177,057
Trade accounts receivable	※1 633,737	※1 516,935
Finished goods	68,813	66,149
Work in process	22,393	24,253
Raw materials and supplies	81,367	96,968
Prepaid expenses	47,579	59,854
Deferred tax assets	106,742	107,801
Short-term loans receivable from subsidiaries and affiliates	460,935	286,011
Accounts receivable - other	※1 320,380	※1 147,067
Other	※1 34,161	※1 34,330
Allowance for doubtful accounts	(15,705)	(13,550)
Total current assets	2,117,376	1,502,881
Fixed assets		
Property, plant and equipment		
Buildings	207,452	208,002
Structures	28,730	28,276
Machinery and equipment	129,248	149,426
Vehicles	12,946	10,690
Tools, furniture and fixtures	92,464	87,471
Land	127,231	127,176
Construction in progress	22,916	12,363
Total property, plant and equipment	620,989	623,408
Intangible fixed assets	68,675	57,551
Investments and other assets		
Investment securities	143,006	154,946
Investments in subsidiaries and affiliates	1,743,041	1,916,986
Long-term loans receivable from subsidiaries and affiliates	425,399	780,611
Other	20,194	21,512
Allowance for doubtful accounts	(297)	(305)
Total investments and other assets	2,331,344	2,873,751
Total fixed assets	3,021,009	3,554,710
Total assets	5,138,385	5,057,592

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)		Current fiscal year (As of March 31, 2018)	
Liabilities				
Current liabilities				
Trade notes payable		56		10
Electronically recorded obligations - operating	※1	214,036	※1	307,496
Trade accounts payable	※1	495,399	※1	480,444
Short-term borrowings	※1	421,569	※1	297,604
Current portion of long-term borrowings		67,614		20,000
Current portion of bonds		130,000		100,000
Lease obligations	※1	27,696	※1	19,956
Accounts payable-other	※1	41,071	※1	204,991
Accrued expenses	※1	307,963	※1	326,592
Income taxes payable		63,173		9,649
Deposits received	※1	58,967	※1	60,230
Accrued warranty costs		21,191		20,808
Other		54,699		89,545
Total current liabilities		1,903,437		1,937,329
Long-term liabilities				
Bonds		275,000		175,000
Long-term borrowings		143,657		121,872
Long-term borrowings from subsidiaries and affiliates		—		103,779
Lease obligations	※1	24,998	※1	21,044
Deferred tax liabilities		52,364		53,041
Accrued warranty costs		43,499		37,275
Accrued retirement benefits		63,434		63,109
Other	※1,※2	31,611	※1,※2	17,687
Total long-term liabilities		634,564		592,809
Total liabilities		2,538,002		2,530,138

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Net assets		
Shareholders' equity		
Common stock	605,813	605,813
Capital surplus		
Legal capital surplus	804,470	804,470
Other capital surplus	—	184
Total capital surplus	804,470	804,654
Retained earnings		
Legal reserve	53,838	53,838
Other retained earnings		
Reserve for reduction of replacement cost of specified properties	53,746	53,351
Reserve for special depreciation	13	12
Unappropriated retained earnings	1,067,328	985,123
Total retained earnings	1,174,928	1,092,325
Treasury stock	(30,148)	(28,747)
Total shareholders' equity	2,555,063	2,474,046
Valuation, translation adjustments and others		
Unrealized holding gain and loss on securities	45,228	53,729
Unrealized gain and loss from hedging instruments	(300)	(406)
Total valuation, translation adjustments and others	44,928	53,322
Share subscription rights	391	84
Total net assets	2,600,382	2,527,453
Total liabilities and net assets	5,138,385	5,057,592

② Non-consolidated statement of income

(Millions of yen)

	Prior fiscal year		Current fiscal year	
	(From April 1, 2016 To March 31, 2017)		(From April 1, 2017 To March 31, 2018)	
Net sales	※1	3,729,335	※1	3,750,617
Cost of sales	※1	3,151,301	※1	3,247,114
Gross profit		578,034		503,502
Selling, general and administrative expenses	※1,※2	292,992	※1,※2	343,854
Operating income		285,041		159,648
Non-operating income				
Interest income	※1	6,447	※1	3,360
Dividends income	※1	249,725	※1	23,402
Guarantee commission received	※1	17,603	※1	20,165
Reversal of allowance for doubtful accounts		4,418		6,507
Other	※1	5,302	※1	4,744
Total non-operating income		283,497		58,179
Non-operating expenses				
Interest expense	※1	6,950	※1	5,916
Derivative loss		225		133
Exchange loss		3,972		7,327
Provision for doubtful accounts		2,743		3,843
Other	※1	2,653	※1	2,649
Total non-operating expenses		16,543		19,869
Ordinary income		551,995		197,958
Special gains				
Gain on sales of fixed assets		89		207
Gain on sales of shares of subsidiaries and affiliates		143,401		—
Gain on sales of investment securities		0		161
Compensation income		—		929
Other		112		77
Total special gains		143,603		1,376
Special losses				
Loss on sales of fixed assets		264		357
Loss on disposal of fixed assets		5,180		5,068
Impairment loss		407		11,014
Loss on sales of shares of subsidiaries and affiliates		8,908		—
Loss on valuation of shares of subsidiaries and affiliates		—		12,872
Other		200		52
Total special losses		14,962		29,365
Income before income taxes		680,637		169,969
Income taxes-current		87,651		44,999
Income taxes-deferred		7,033		(4,075)
Total income taxes		94,685		40,924
Net income		585,951		129,044

③ Non-consolidated statement of changes in net assets

Prior fiscal year (From April 1, 2016 To March 31, 2017)

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Reserve for reduction of replacement cost of specified properties	Reserve for special depreciation	Unappropriated retained earnings	
Balance at the beginning of current period	605,813	804,470	—	804,470	53,838	54,078	24	955,404	1,063,347
Changes of items during the period									
Cash dividends paid								(195,826)	(195,826)
Provision of reserve for reduction of replacement cost of specified properties						4		(4)	—
Reversal of reserve for reduction of replacement cost of specified properties						(336)		336	—
Provision of reserve for special depreciation							2	(2)	—
Reversal of reserve for special depreciation							(13)	13	—
Net income								585,951	585,951
Purchases of treasury stock									
Disposal of treasury stock			17	17					
Retirement of treasury stock			(17)	(17)				(278,544)	(278,544)
Net changes of items other than those in shareholders' equity									
Total changes of items during the period			—	—		(331)	(10)	111,923	111,581
Balance at the end of current period	605,813	804,470	—	804,470	53,838	53,746	13	1,067,328	1,174,928

	Shareholders' equity		Valuation, translation adjustments and others			Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments	Total valuation, translation adjustments and others		
Balance at the beginning of current period	(31,424)	2,442,206	49,368	(1,092)	48,275	502	2,490,984
Changes of items during the period							
Cash dividends paid		(195,826)					(195,826)
Provision of reserve for reduction of replacement cost of specified properties							—
Reversal of reserve for reduction of replacement cost of specified properties							—
Provision of reserve for special depreciation							—
Reversal of reserve for special depreciation							—
Net income		585,951					585,951
Purchases of treasury stock	(277,419)	(277,419)					(277,419)
Disposal of treasury stock	133	150					150
Retirement of treasury stock	278,561	—					—
Net changes of items other than those in shareholders' equity			(4,139)	791	(3,347)	(110)	(3,458)
Total changes of items during the period	1,275	112,856	(4,139)	791	(3,347)	(110)	109,398
Balance at the end of current period	(30,148)	2,555,063	45,228	(300)	44,928	391	2,600,382

Current fiscal year (From April 1, 2017 To March 31, 2018)

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
					Reserve for reduction of replacement cost of specified properties	Reserve for special depreciation	Unappropriated retained earnings		
Balance at the beginning of current period	605,813	804,470	—	804,470	53,838	53,746	13	1,067,328	1,174,928
Changes of items during the period									
Cash dividends paid								(211,647)	(211,647)
Provision of reserve for reduction of replacement cost of specified properties						1		(1)	—
Reversal of reserve for reduction of replacement cost of specified properties						(397)		397	—
Provision of reserve for special depreciation							2	(2)	—
Reversal of reserve for special depreciation							(3)	3	—
Net income								129,044	129,044
Purchases of treasury stock									
Disposal of treasury stock			184	184					
Net changes of items other than those in shareholders' equity									
Total changes of items during the period			184	184		(395)	(1)	(82,205)	(82,602)
Balance at the end of current period	605,813	804,470	184	804,654	53,838	53,351	12	985,123	1,092,325

	Shareholders' equity		Valuation, translation adjustments and others			Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments	Total valuation, translation adjustments and others		
Balance at the beginning of current period	(30,148)	2,555,063	45,228	(300)	44,928	391	2,600,382
Changes of items during the period							
Cash dividends paid		(211,647)					(211,647)
Provision of reserve for reduction of replacement cost of specified properties							—
Reversal of reserve for reduction of replacement cost of specified properties							—
Provision of reserve for special depreciation							—
Reversal of reserve for special depreciation							—
Net income		129,044					129,044
Purchases of treasury stock	(6)	(6)					(6)
Disposal of treasury stock	1,407	1,592					1,592
Net changes of items other than those in shareholders' equity			8,500	(105)	8,394	(307)	8,087
Total changes of items during the period	1,401	(81,016)	8,500	(105)	8,394	(307)	(72,929)
Balance at the end of current period	(28,747)	2,474,046	53,729	(406)	53,322	84	2,527,453

[Notes to Non-consolidated Financial Statements]

(Significant accounting policies)

1. Valuation methods for securities

(1) Held-to-maturity securities

Held-to-maturity securities are stated at amortized cost (straight-line method).

(2) Equity securities issued by subsidiaries and affiliates

Equity securities issued by subsidiaries and affiliates are carried at cost determined by the moving average method.

(3) Other securities

① Marketable securities:

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

② Non-marketable securities:

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

Investments in limited liability partnerships and similar investments, defined as securities by Article 2, Section 2 of the Financial Instruments and Exchange Law, are recognized at the net amount corresponding to the owning portion under the equity method based on the latest available financial statements of the partnerships.

2. Valuation methods for derivative financial instruments

Derivative financial instruments are carried at fair value.

3. Valuation methods for inventories

Inventories are stated at cost determined by the first-in and first-out method. (Cost of inventories is written-down when their carrying amounts become unrecoverable.)

4. Depreciation and amortization of fixed assets

(1) Property, plant and equipment

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

(2) Intangible fixed assets

Amortization of intangible fixed assets is calculated by the straight-line method.

Amortization of software for internal use is calculated by the straight-line method over the estimated useful life (5 years).

(3) Leased assets

Depreciation of leased assets is calculated by the straight-line method based on either the estimated useful lives or the lease terms and the estimated residual value determined by the Company.

5. Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are recognized as gain or loss.

6. Basis for reserves

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(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 or prepaid pension costs are recorded at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.

For calculating the retirement benefit obligation, the benefit formula basis has been adopted for attributing projected benefits to periods.

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

7. Hedge accounting

(1) Hedge accounting

Primarily, deferred hedge accounting is applied for derivative instruments. Short-cut method, “Furiate-Shori,” is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.

Special treatment, “Tokurei-Shori,” is applied for interest rate swaps which are qualified for such treatment.

(2) Hedging instruments and hedged items

· Hedging instruments.....Derivative transactions

· Hedged items.....Mainly receivables and payables denominated in foreign currencies and others

(3) Hedging policy

Based on the internal risk management rules and authority regarding derivative transactions, expected risks such as fluctuations in foreign exchange and interest rate are hedged within certain extent.

(4) Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of hedged items are substantially same as those of hedging instruments.

8. Other significant accounting policies

(1) Accounting for retirement benefit

The accounting methods of unrecognized actuarial gain and loss and unrecognized past service cost are different from those of the consolidated financial statements.

(2) Accounting for the consumption taxes

Transactions subject to the consumption taxes are recorded at amounts exclusive of the consumption taxes.

(3) Adoption of consolidated taxation system

The Company adopts the consolidated taxation system.

(Changes in presentation)

1. Non-consolidated statement of income

“Guarantee commission received” and “Reversal of allowance for doubtful accounts,” which were included in “Other” under “Non-operating income” in the prior fiscal year, have been presented as separate accounts in the current fiscal year due to their increased financial materiality within “Non-operating income.” To reflect this change in presentation, reclassifications have been made to the financial statements for the prior fiscal year provided herein.

As a result, ¥27,324 million of “Other” under “Non-operating income” in the prior fiscal year has been reclassified into ¥17,603 million of “Guarantee commission received,” ¥4,418 million of “Reversal of allowance for doubtful accounts” and ¥5,302 million of “Other” in the non-consolidated statement of income for the prior fiscal year.

“Gain on sales of investment securities,” which was included in “Other” under “Special gains” in the prior fiscal year, has been presented as a separate account in the current fiscal year due to its increased financial materiality within “Special gains.” To reflect this change in presentation, reclassifications have been made to the financial statements for the prior fiscal year provided herein.

As a result, ¥112 million of “Other” under “Special gains” in the prior fiscal year has been reclassified into ¥0 million—which means that the amount is less than ¥1 million—of “Gain on sales of investment securities” and ¥112 million of “Other” in the non-consolidated statement of income for the prior fiscal year.

(For non-consolidated balance sheets)

1 ※1 Monetary receivables from and payables to subsidiaries and affiliates (except for separately disclosed)

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Short-term monetary receivables	779,780	546,857
Short-term monetary payables	745,022	848,347
Long-term monetary payables	12,794	11,841

2 Guarantees and others

Prior fiscal year (As of March 31, 2017)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	※ 37,252	Guarantees for employees' housing loans
Nissan Motor Manufacturing (UK) Ltd.	5,182	Guarantees for loans to purchase fixed assets
Automotive Energy Supply Corporation	2,720	Guarantees for loans to purchase fixed assets
Nissan South Africa (Pty) Ltd.	1,502	Guarantees for loans for working capital
Nissan North America, Inc.	518	Guarantees for loans to purchase fixed assets
11 domestic dealers	1,245	Guarantees for loans for working capital
Total	48,422	※Allowance for doubtful accounts is provided based on past experience.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	72	Commitments to provide guarantees for loans

(3) Letters of awareness

The Company issued letters of awareness regarding borrowings from financial institutions made by the following subsidiary.

Company name	Balance of liabilities (Millions of yen)
Nissan Motor Manufacturing (UK) Ltd.	9,583

(4) Keepwell Agreements

In addition to the above, the Company entered into keepwell agreements with the following financial subsidiaries and others to enhance their credit worthiness.

Their balances of liabilities at the end of March 2017 were as follows.

Company name	Balance of liabilities (Millions of yen)
Nissan Motor Acceptance Corporation	4,657,001
Nissan Financial Services Co., Ltd.	847,302
Nissan Financial Services Australia Pty Ltd.	361,558
Nissan Canada, Inc.	237,622
Nissan Leasing (Thailand) Co., Ltd.	108,079
Nissan Canada Financial Services, Inc.	93,967
Nissan North America, Inc.	49,363
Nissan Financial Services New Zealand Pty Ltd.	17,254
Total	6,372,150

Current fiscal year (As of March 31, 2018)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed (Millions of yen)	Description of liabilities guaranteed
Employees	※ 31,413	Guarantees for employees' housing loans
Nissan Motor Manufacturing (UK) Ltd.	7,933	Guarantees for loans to purchase fixed assets
Automotive Energy Supply Corporation	1,800	Guarantees for loans to purchase fixed assets
Nissan South Africa (Pty) Ltd.	1,257	Guarantees for loans for working capital
Nissan North America, Inc.	372	Guarantees for loans to purchase fixed assets
10 domestic dealers	770	Guarantees for loans for working capital
Total	43,547	※ Allowance for doubtful accounts is provided based on past experience.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees (Millions of yen)	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	53	Commitments to provide guarantees for loans

(3) Keepwell Agreements

In addition to the above, the Company entered into keepwell agreements with the following financial subsidiaries and others to enhance their credit worthiness.

Their balances of liabilities at the end of March 2018 were as follows.

Company name	Balance of liabilities (Millions of yen)
Nissan Motor Acceptance Corporation	4,672,375
Nissan Financial Services Co., Ltd.	788,000
Nissan Financial Services Australia Pty Ltd.	369,511
Nissan Canada Financial Services, Inc.	279,268
Nissan Canada, Inc.	105,714
Nissan Leasing (Thailand) Co., Ltd.	100,899
Nissan Financial Services New Zealand Pty Ltd.	20,354
Total	6,336,123

- 3 ※2 “Other” of Long-term liabilities includes updated amount of retirement benefits for directors and statutory auditors covered under the resolution approved at the general shareholders meeting held on June 20, 2007.

(For non-consolidated statement of income)

1 ※1 Transactions with subsidiaries and affiliates (Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Operating transactions:		
Sales	3,208,662	3,216,776
Operating expenses	1,507,711	1,447,177
Non-operating transactions	291,688	57,669

2 ※2 Major components of selling, general and administrative expenses are as follows. (Millions of yen)

	Prior fiscal year (From April 1, 2016 To March 31, 2017)	Current fiscal year (From April 1, 2017 To March 31, 2018)
Service costs	31,492	42,459
Provision for accrued warranty costs	20,557	16,286
Other selling expenses	33,999	61,361
Salaries and wages	72,813	82,155
Retirement benefit expenses	2,086	1,374
Outsourcing expenses	38,655	38,201
Depreciation and amortization	17,933	19,457
Provision for doubtful accounts	(1,366)	517

Selling expenses account for approximately 40% of the selling, general and administrative expenses in the current fiscal year, which is almost unchanged from the prior fiscal year.

(For securities)

Investments in subsidiaries and affiliates

Prior fiscal year (As of March 31, 2017)

(Millions of yen)

	Carrying value	Estimated fair value	Difference
① Subsidiaries' shares	14,109	161,006	146,897
② Affiliates' shares	237,361	338,929	101,567
Total	251,471	499,936	248,465

Current fiscal year (As of March 31, 2018)

(Millions of yen)

	Carrying value	Estimated fair value	Difference
① Subsidiaries' shares	14,109	192,966	178,857
② Affiliates' shares	237,361	385,538	148,176
Total	251,471	578,505	327,034

Note: The amounts of investments in subsidiaries and affiliates recorded in the non-consolidated balance sheets for which it is deemed difficult to measure the fair value.

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
① Subsidiaries' shares	1,480,652	1,652,904
② Affiliates' shares	10,918	12,611

These shares are not included in "Investments in subsidiaries and affiliates" because they do not have a market value and their fair value is not easily determinable.

(For tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Deferred tax assets:		
Research and development expenses	35,501	50,514
Accrued expenses	31,871	37,380
Accrued retirement benefits	29,897	28,051
Loss on valuation of securities	20,366	24,759
Accrued warranty costs	19,834	17,759
Other	66,873	46,666
Total gross deferred tax assets	204,346	205,131
Valuation allowance	(31,049)	(33,045)
Total deferred tax assets	173,296	172,086
Deferred tax liabilities:		
Tax deductible losses on securities	(69,343)	(69,343)
Reserves under Special Taxation Measures Law	(23,682)	(23,500)
Unrealized holding gain on securities	(19,662)	(23,404)
Other	(6,229)	(1,078)
Total deferred tax liabilities	(118,918)	(117,326)
Net deferred tax assets	54,378	54,760

2. The reconciliation between the effective tax rates reflected in the non-consolidated financial statements and the statutory tax rate is summarized as follows:

	Prior fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Statutory tax rate of the Company	30.8%	30.8%
(Reconciliation)		
Items not permanently qualifying for deduction	0.2%	0.5%
Dividends income excluded from gross revenue	(10.2%)	(2.7%)
Tax credits	(4.5%)	(10.8%)
Change in valuation allowance	(2.1%)	1.2%
Other	(0.3%)	5.1%
Effective tax rate after adoption of tax-effect accounting	13.9%	24.1%

(Significant subsequent events)

Capital increase for subsidiaries

1. In accordance with a resolution of its Board of Directors' meeting held on April 19, 2018, the Company made a capital injection into Nissan North America, Inc., a consolidated subsidiary of the Company, and then Nissan North America, Inc. made a capital injection into its own subsidiary, Nissan Motor Acceptance Corporation ("NMAC") in order to support NMAC's business growth and enhance its capital ratio.

Overview of the capital increase

- (1) Name of the subject company: Nissan North America, Inc.
- (2) Amount of the capital increase: \$500,000 thousand
- (3) Capital surplus after the capital increase: \$1,361,684 thousand
- (4) Provider of the capital increase: Nissan Motor Co., Ltd.
- (5) Effective date: May 24, 2018
- (6) Shareholder composition after the capital increase: Nissan Motor Co., Ltd. 100%

2. In accordance with a resolution of its Board of Directors' meeting held on April 19, 2018, the Company made a capital injection into NRFM Holdings LLC, a consolidated subsidiary of the Company, and then NRFM Holdings LLC made a capital injection into its own subsidiary, NR Finance Mexico, S.A. de C.V. SOFOMER ("NRFM") in order to support NRFM's business growth and enhance its capital ratio.

Overview of the capital increase

- (1) Name of the subject company: NRFM Holdings LLC
- (2) Amount of the capital increase: \$500,000 thousand
- (3) Capital surplus after the capital increase: \$540,686 thousand
- (4) Provider of the capital increase: Nissan Motor Co., Ltd.
- (5) Effective date: May 24, 2018
- (6) Shareholder composition after the capital increase: Nissan Motor Co., Ltd. 100%

Dividend from a subsidiary

Nissan Financial Services Co., Ltd., a subsidiary of the Company, conducted the payment of dividends on May 11, 2018, in accordance with a resolution of the Extraordinary General Meeting of the shareholders held on May 7, 2018. Consequently, the Company is going to record around ¥40,022 million of dividends income as non-operating income for the fiscal year ending March 31, 2019.

④ Non-consolidated supplemental schedules

Detailed schedule of fixed assets

(Millions of yen)

Category	Type of assets	Balance at the beginning of the current fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year	Depreciation or amortization for the current fiscal year	Balance at the end of the current fiscal year	Accumulated depreciation or amortization
Property, plant and equipment	Buildings	207,452	10,021	262	9,209	208,002	304,368
	Structures	28,730	1,566	78	1,941	28,276	78,617
	Machinery and equipment	129,248	48,891	1,437	27,274	149,426	789,063
	Vehicles	12,946	3,541	1,522	4,273	10,690	19,471
	Tools, furniture and fixtures	92,464	32,490	2,525	34,958	87,471	254,308
	Land	127,231	—	54	—	127,176	—
	Construction in progress	22,916	14,474	25,027	—	12,363	—
	Total	620,989	110,985	30,908	77,658	623,408	1,445,830
Intangible fixed assets		68,675	23,014	13,974 (11,014)	20,163	57,551	206,284

Note: The figure in parentheses in the “Decrease in the current fiscal year” column represents the amounts of impairment loss included.

Detailed schedule of allowances

(Millions of yen)

Account	Balance at the beginning of the current fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year	Balance at the end of the current fiscal year
Allowance for doubtful accounts	16,003	4,557	6,704	13,856
Accrued warranty costs	64,690	15,466	22,073	58,083

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Other

Not applicable.

6. Information on Transfer and Repurchase of the Company's Stock

Fiscal year	From April 1 To March 31
General meeting of shareholders	June
Record date for dividend	March 31
Record dates for dividend of surplus	September 30 and March 31
Number of shares per unit of the Company's stock	100 shares
Repurchase of stocks of less than a standard unit	
Address where repurchases are processed	(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited.
Administrator of shareholders' register	(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited.
Offices available for repurchase	—
Charges for repurchase	Handling charges as set by the securities companies designated by the Company for the repurchase plus the related consumption tax
Method of public notice	Public notice of the Company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the <i>Nihon Keizai Shimbun</i> . The electronic public notice is presented on the Company's Web site at https://www.nissan-global.com/EN/IR/
Special benefits to shareholders	None

Note: According to the Company's Articles of Incorporation where the rights of shareholders holding stocks of less than a standard unit are prescribed, the holder of stocks of less than a standard unit shall not be entitled to exercise the rights of shareholders in connection with such below-unit shares other than those rights listed below:

- (1) The rights stipulated in each item of Article 189, Paragraph 2, of the Corporate Law;
- (2) The right to make a claim in accordance with Article 166, Paragraph 1, of the Corporate Law; and
- (3) The right to subscribe for new shares or new share subscription rights in proportion to the number of the shares owned by said shareholder.

7. Reference Information on the Company

1. Information on the parent company or equivalent of the Company

The Company has no parent company or equivalent as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Law.

2. Other reference information

The Company filed the following documents between the beginning of the fiscal year ended March 31, 2018 and the date when this Securities Report (*Yukashoken-Hokokusho*) was filed.

- | | | | | |
|-----|--|-----------------------------------|---|---|
| (1) | Securities Report and Accompanying Documents and Confirmation Note | Fiscal Year (the 118th) | From April 1, 2016 To March 31, 2017 | Submitted to the director of the Kanto Local Finance Bureau on June 29, 2017. |
| (2) | Internal Control Report | Fiscal Year (the 118th) | From April 1, 2016 To March 31, 2017 | Submitted to the director of the Kanto Local Finance Bureau on June 29, 2017. |
| (3) | Quarterly Securities Reports and Confirmation Notes | (The 1st quarter of 119th period) | From April 1, 2017 To June 30, 2017 | Submitted to the director of the Kanto Local Finance Bureau on July 31, 2017. |
| | | (The 2nd quarter of 119th period) | From July 1, 2017 To September 30, 2017 | Submitted to the director of the Kanto Local Finance Bureau on November 10, 2017. |
| | | (The 3rd quarter of 119th period) | From October 1, 2017 To December 31, 2017 | Submitted to the director of the Kanto Local Finance Bureau on February 13, 2018. |
| (4) | Extraordinary Report
An extraordinary report according to the provision of Article 19, Paragraph 2, Item 9-2 (Matters that require a resolution of a general meeting of shareholders), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. | | | Submitted to the director of the Kanto Local Finance Bureau on June 29, 2017. |
| (5) | Extraordinary Report
An extraordinary report according to the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Law and Article 19, Paragraph 2, Item 19, of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. | | | Submitted to the director of the Kanto Local Finance Bureau on February 8, 2018. |

Part II Information on Guarantors for the Company

Not applicable

(For Translation Purposes Only)
Independent Auditor's Report

June 27, 2018

The Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner Certified Public Accountant	Yoji Murohashi
Designated and Engagement Partner Certified Public Accountant	Takeshi Hori
Designated and Engagement Partner Certified Public Accountant	Koji Fujima
Designated and Engagement Partner Certified Public Accountant	Masayuki Nakamura

<Financial statements audit>

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Law of Japan, we have audited the accompanying consolidated financial statements of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal year from April 1, 2017 to March 31, 2018, which comprise the consolidated balance sheet, the consolidated statements of income, comprehensive income, changes in net assets and cash flows, the significant accounting policies, the other related notes, and the consolidated supplemental schedules.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries as at March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

<Internal control audit>

Pursuant to Article 193-2, Section 2, of the Financial Instruments and Exchange Law of Japan, we also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as at March 31, 2018 of Nissan Motor Co., Ltd. (the "Management's Report").

Management's Responsibility for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Internal control over financial reporting may not prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Management's Report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the result of management's assessment on internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including the materiality of effect on the reliability of financial reporting. An internal control audit also includes evaluating the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Management's Report referred to above, which represents that the internal control over financial reporting as at March 31, 2018 of Nissan Motor Co., Ltd. is effective, present fairly, in all material respects, the result of management's assessment on internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Notes:

1. The above is a digitization of the text contained in the original copy of the Independent Auditors' Report on Financial Statements and Internal Controls, which is in the custody of the Company—the submitter of this Securities Report.
2. The XBRL data is not included in the scope of Audit.

(For Translation Purposes Only)
Independent Auditor's Report

June 27, 2018

The Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner Certified Public Accountant	Yoji Murohashi
Designated and Engagement Partner Certified Public Accountant	Takeshi Hori
Designated and Engagement Partner Certified Public Accountant	Koji Fujima
Designated and Engagement Partner Certified Public Accountant	Masayuki Nakamura

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Law of Japan, we have audited the accompanying non-consolidated financial statements of Nissan Motor Co., Ltd. included in "Financial Information" for the 119th fiscal year from April 1, 2017 to March 31, 2018, which comprise the non-consolidated balance sheet, the non-consolidated statements of income and changes in net assets, the significant accounting policies, the other related notes, and the non-consolidated supplemental schedules.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. The purpose of an audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of Nissan Motor Co., Ltd. as at March 31, 2018, and its non-consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Notes:

1. The above is a digitization of the text contained in the original copy of the Independent Auditors' Report on Financial Statements and Internal Controls, which is in the custody of the Company—the submitter of this Securities Report.
2. The XBRL data is not included in the scope of Audit.

【Cover】	
【Document Submitted】	Internal Control Report (“Naibutousei-Houkokusho”)
【Article of the Applicable Law Requiring Submission of This Document】	Article 24-4-4, Paragraph 1, of the Financial Instruments and Exchange Law
【Filed to】	Director, Kanto Local Finance Bureau
【Date of Submission】	June 28, 2018
【Company Name】	Nissan Jidosha Kabushiki-Kaisha
【Company Name (in English)】	Nissan Motor Co., Ltd.
【Position and Name of Representative】	Hiroto Saikawa, President
【Position and Name of Chief Financial Officer】	Hiroshi Karube, Chief Financial Officer
【Location of Head Office】	2, Takaracho, Kanagawa-ku, Yokohama-shi, Kanagawa
【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo

1. Basic Framework of Internal Control Over Financial Reporting

Hiroto Saikawa, President of Nissan Motor Co., Ltd. (the “Company”) and Hiroshi Karube, Chief Financial Officer, having the responsibility to design and operate internal control over financial reporting of the Company, designs and operates such internal control of the Company in accordance with the basic framework set forth in “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Note that internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are integrated, and function as a whole. Thus, internal control over financial reporting may not be able to completely prevent or detect misstatement in financial reporting.

2. Scope of Assessment, Assessment Date and Assessment Procedure

Assessment of internal control over financial reporting was performed as of March 31, 2018 (i.e., the last day of the current fiscal year) in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, the management first assessed company-level control which would have a material impact on the reliability of overall financial reporting on a consolidated basis, and based on such result, the management then selected the business processes to be assessed. In the process-level control assessment, the management assessed the effectiveness of internal control by analyzing the business processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and assessing the design and operation of such key controls.

Management determined the scope of assessment of internal control over financial reporting, by selecting the Company, consolidated subsidiaries and companies accounted for by the equity method based on their materiality of impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both quantitative and qualitative aspects, and the management reasonably determined the scope of assessment of process-level control based on the result of the company-level control assessment.

For the purpose of determining the scope of process-level control assessment, business locations were selected as “Significant Business Locations”, which comprises the Company and its consolidated subsidiaries selected in descending order based on their previous fiscal year’s consolidated net sales (after elimination) and contributed approximately two-thirds of the Company’s consolidated net sales in the aggregate. In such Significant Business Locations, all business processes related to the accounts that are closely associated with the Company’s business objectives, such as sales, accounts receivable, and inventory were included in the scope of assessment.

Furthermore, regardless of the Significant Business Locations, certain business processes related to significant accounts involving estimates and management’s judgment, or related to a business or operation dealing with high-risk transactions were added to the scope of assessment as “business processes with material impacts on financial reporting.”

3. Assessment Result

Based on the above mentioned assessment results, the management concluded that the internal control over financial reporting at the end of the current fiscal year was effective.

4. Supplementary Information

Not applicable

5. Special Affairs

In response to the discovery of issues in the final inspection process at the Company’s vehicle plants in Japan during the current fiscal year, the Company has implemented corrective and recurrence prevention measures, and reported the progress to the Japanese Ministry of Land, Infrastructure, Transport and Tourism in March 2018.

【Cover】

【Document Submitted】	Confirmation Note
【Article of the Applicable Law Requiring Submission of This Document】	Article 24-4-2, Paragraph 1, of the Financial Instruments and Exchange Law
【Filed to】	Director, Kanto Local Finance Bureau
【Date of Submission】	June 28, 2018
【Company Name】	Nissan Jidosha Kabushiki-Kaisha
【Company Name (in English)】	Nissan Motor Co., Ltd.
【Position and Name of Representative】	Hiroto Saikawa, President
【Position and Name of Chief Financial Officer】	Hiroshi Karube, Chief Financial Officer
【Location of Head Office】	2, Takaracho, Kanagawa-ku, Yokohama-shi, Kanagawa
【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo

1. Accuracy of the Descriptions in This Securities Report

Hiroto Saikawa, President of Nissan Motor Co., Ltd., and Hiroshi Karube, Chief Financial Officer have confirmed that this Securities Report “Yukashoken-Houkokusho (from April 1, 2017 to March 31, 2018)” of the 119th Fiscal Term is reasonably and fairly described in accordance with the Financial Instruments and Exchange Law.

2. Special Affairs

There are no noteworthy matters that are pertinent to this securities report.