

# FINANCIAL RESULTS OF NISSAN MOTOR CO.,LTD

<FOR THE 1ST HALF OF FISCAL YEAR ENDING MARCH 31, 2001>

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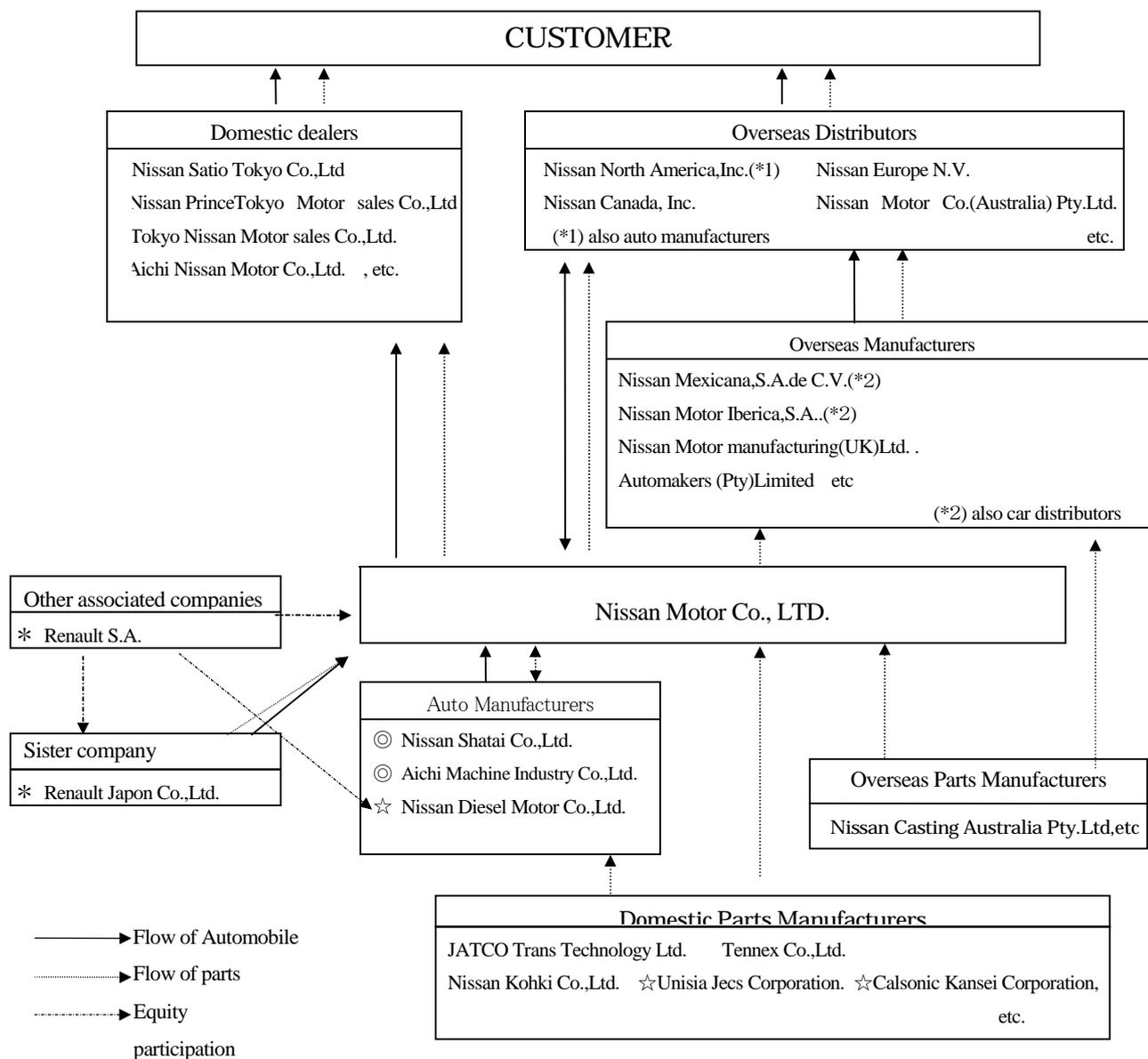
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# 1.The general situation of the corporate group

The Nissan group consists of Nissan Motor Co.,Ltd (the company), subsidiaries, affiliates, and other associated companies. Its main business are sales and production of vehicles and parts. As other divisions for products and services, the company has , Industrial machinery division and Marine division. And also the company develops the various service accompanying its main business, such as logistics, and sales finance.

Our corporate group structure is as follows.

< Network of automobile division >



•Sales finance companies are included separately in " Domestic Dealers" and " Overseas Distributors" categories in the above chart.

•There are other associated companies, which are Vantec Corporation, Nissan Financial service Co.,Ltd., Nissan Trading Co., Ltd., Nissan Real Estate Development to support distribution and service. Some other associated companies are operating in the business of Forklift, Marine. Consolidated subsidiaries do not have marks ◎ means subsidiaries of which the company's Group's shareholding does not exceed 50% ☆ means Affiliates \* means other associated company and fellow-subsiaries

•Our subsidiaries listed in stock exchange markets and over-the-counter market are as follows.

Nissan Shatai Co.,Ltd.···Tokyo, Osaka Aichi Machine Industry Co.,Ltd.···Tokyo, Osaka, Nagoya

Tennex Co.,Ltd.···Over-the-counter market

## **2.Nissan Revival Plan**

NRP is having a faster and deeper impact than expected and is now reaching higher than anticipated with the return of growth. Herein lies the key to NRP, growing Nissan profitably. The financial results attest to the initial success of NRP. NRP will continue building on an increasingly more solid financial foundation

Attractive and precisely targeted products will fuel growth, and we have 22 all new products that we are bringing to the market in three years. In FY 01, five of these new products will be released worldwide:

- a new performance sedan in Japan planned for May 01.
- the replacement of the Caravan LCV in Japan, also planned in May 01,
- a new sedan in the US planned in September 01.
  
- an all new RV in Japan planned in September 01.
  
- and finally, an entry level car in early calendar year 02 in Japan. It is based on the first common platform developed with Renault.

In total 15 of these products will come to the domestic market by the end of FY02.

On top of that, North America will also get the new Q45 in April 01 and Europe will get both the Xtrail in the summer of 01, and the new Primera in early 02.

This growth is supported by a management team and global organization that are now in place worldwide. Four dedicated regional management committees: Japan, North America, Europe and General overseas markets meet monthly and report to the Executive Committee. Focus of the committees is on profitability and market presence in the regions while clarifying roles, accountability and responsibilities.

We are backing-up our product plan, management and organization with increased investments. The capital expenditures guideline has been raised to 5% of sales, of which 60% is dedicated to product and technology development.

Research and development is in line with its objective to increase the effectiveness of a program development by 20%. At the same time, we will be boosting our engineering capacity and capability to support our ambitions in terms of new products and innovative technology. We are currently hiring 1,000 engineers globally to that effect.

Engineering is one of Nissan's core strengths and plays an increasingly important role with our suppliers in co-conception and co-development of parts and components.

Engineering teams play a crucial role as well in our purchasing plan. Under the heading of Nissan 3.3.3.

which links engineering, purchasing and suppliers worldwide, 55,000 ideas have already been received from, or developed with, Nissan's suppliers. All our standards and specifications are being reviewed in order to decrease costs and improve quality, bringing higher value to customers' expectations.

In parallel, the concentration of the number of suppliers is proceeding as planned with a reduction of 22% in the number of parts suppliers and a 33% reduction in services and support suppliers.

On the production side, there are no changes to our plans detailed in the NRP. There have been no disruptions as workers and production lines started transferring to other sites. Globally, production reached 1.314.000 units for the April to September period, up 13% from last year, the growth coming from outside Japan.

However, in the second half of this fiscal year, the four main Japanese assembly plants, Tochigi, Oppama, Kyushu and Shonan will all significantly increase their output between 20% and 40%.

The plant in Barcelona moved to a three-shift organization in September boosting its capacity from 125,000 units to 185,000 units per year.

In the United States, we are investing \$ 1 billion to triple our V 6 and V 8 engine capacity in Decherd and increase Smyrna's assembly capacity from 380,000 units to 500,000 units.

Progress is also being made in the area of selling, general and administrative expenses.

As for our head-count, we have already reduced it by 8,800 from a base of 148,000 employees at the end of fiscal year 98, to be compared with our objective of 21,000 by the end of fiscal year 02.

The restructuring of our domestic distribution network is proceeding faster than planned, 258 outlets have already been closed of the 300 we had planned and 8 sales subsidiaries have also been transferred to private entrepreneurs of the 20 we planned.

### 3. Business Performance

NRP is going faster, deeper and is reaching higher than forecast.

As a result, Nissan is able to show today its best consolidated financial results in a decade.

#### External Factors

Foreign exchange:

The impact for the first half of fiscal year 2000 compared to the first half of 1999, was particularly negative to Nissan's accounts. Looking at our two major exposures, the dollar and the euro, both moved significantly against us.

The average value of the dollar from April to September 1999 was 117.4 yen compared to 107.2 yen for the same period in 2000. That is a drop of 10.2 yen.

In the case of the euro, the drop is even more severe. The euro moved from an average of 129.4 yen from January to June 1999 to 102.7 yen in the first half of calendar year 2000, a drop of 26.7 yen.

In total, due to the appreciation of the yen against all currencies in the first half, Nissan suffered a 90 billion yen negative impact to operating profit.

Total Industry Volumes and Nissan Retail Sales Volumes

The main markets where Nissan is present have all been growing in this first half.

In Japan first, the market has grown by 2.8% from April to September to slightly more than 1.9 million units. We think today that the market will be able to sustain this trend for the full year and come to 4.1 million units.

Second, in the United States, from April to September, the market has grown by a further 2.4% to 9.2 million units. We still believe the market will soften in the second half, to 8 million units which will give us a full year of 17.2 million units, down 1.1% from last year.

Third, in Europe, the market has also grown in the period from January to June by 2.2% to slightly more than 9.2 million units. We currently see a second half at 7.6 million units, down 4% from last year. The full year would come in at 16.8 million units.

Finally, other markets in the world have also been growing. In Mexico, a strong economy and a positive political environment have fueled the market, up 33% from January to June. Key markets such as Thailand and Taiwan are up 30% and 4% respectively compared to last year.

In Japan, Nissan sold 335,000 units, down 35,000 vehicles or 9.4%, giving us a market share of 17.4%. For the full year, we are forecasting unit sales of 745,000, down 10,000 from our May announcement.

In the United States, we sold 406,000 units since April, an increase of 44,000 vehicles or 12.2% giving us a market share of 4.4%. At this point, I can reiterate our May announcement and forecast sales of 800,000 units in the United States for the full year.

In Europe, Nissan sold 289,000 units, an increase of 11,000 vehicles or 4% giving us a market share of 2.9% for the first half from January to June. However, Europe will remain somewhat mixed for the rest of the year. We will fall 10,000 units short of our May forecast to 540,000 vehicles for the full year.

In the other markets globally, Nissan sold 307,000 units, an increase of 52,000 vehicles or 20% compared to the first half of 1999. In Mexico and Canada, Nissan increased sales by 46.6% and 33.6% respectively.

In Asia and Oceania, Nissan's sales were up 17% over the prior half. In the Middle East and Africa, sales were up 7.2%. For the full year, we forecast sales of 630,000 units in other markets outside Japan, the United States and Europe, a 20% increase compared to fiscal year 1999.

In total, Nissan sold 1,337,000 retail units worldwide in the first half of fiscal year 2000, an increase of 5.7% over the same period last year. If we summarize our global retail sales by geographic breakdown Japan accounted for 25%, the United States 30%, Europe 22% and other markets 23%.

#### Financial results for 1<sup>st</sup> Half FY2000

Consolidated net sales slightly dropped to 3,018.3 billion yen despite the higher volumes. This is mainly due to the negative impact of the strength of the yen compared to last year's first half.

On the cost side, the improvement has been very significant. First of all, purchasing costs are on a declining slope of 10%, more than the NRP plan of 8% for this year. Second, the overall internal cost base of Nissan is improving fast. This is true in the areas of Sales, General & Administrative costs as well as manufacturing costs.

As a result, Nissan's consolidated first half operating profit improved from 58.5 billion yen to 134.4 billion yen, 2.3 times last year's result. As a percentage of net sales, the operating margin rose from 1.9% to 4.5%, equal to the NRP commitment of a minimum 4.5% for fiscal year 02. This is, by far, the best operating profit and margin of Nissan in a decade.

In Japan, our operating profit increased by 35.0 billion yen from 23.8 billion yen to 58.8 billion yen. The United States and Canada (which is an affiliate of NNA) had an encouraging performance, driven by high volumes, a richer mix and lower incentives, increasing their profit by 40.3 billion yen from 41.0 billion yen to 81.3 billion yen. Europe's operating profit remains negative, due for the most part to the weakness of the euro to the yen and to the pound. The operating loss in Europe widened from 12.9 billion yen to 15.3 billion yen. Finally, but very importantly, other regions increased their contribution sharply, going from break-even to a profit of 15.4 billion yen.

The next major line in our P & L statement is ordinary profit which increased 88.1 billion yen from 42.6 billion yen in 1999 to 130.7 billion yen in 2000. Net non-operating expenses declined from 15.9 billion yen to 3.7 billion yen.

Net income before tax came to 173.6 billion Yen after taking into account extraordinary profits from the sale of real estate and other fixed assets for 37.1 billion yen and investment securities in subsidiaries and affiliates, like domestic sales companies, for 13.0 billion yen. No further charges for restructuring were taken in the first half.

Bottom line, Nissan earned a consolidated 172.0 billion yen.

#### Forecast for FY 2000

We are half way through the first year of NRP. We had forecast risks and opportunities; in the first half we clearly benefited from more opportunities than we suffered from risks.

On the side of risks, the euro's weakness remains on top of the list. The threat of higher interest rates in the world is still present, even though pressure in the United States has abated recently. Raw material costs present a real risk today, not only oil prices, but precious metals as well. The slowdown of the U.S. market that we had forecast could be greater and more precipitous.

On the side of opportunities, the dollar presents an opportunity compared to our unchanged forecast rate of 103 for the second half.

The alliance with Renault will continue to provide leverage and opportunities.

And obviously, the biggest opportunity for Nissan is NRP. The first half financial results are testimony to the power that has been unleashed inside the company. They are also testimony to the men and women who make-up Nissan, to their reactivity and intensity in implementing the plan and beating the targets.

The effects of NRP will continue to be enhanced with the expected return of growth that we had not factored in when we unveiled the NRP.

We are now forecasting the full year at (Consolidated basis);

Sales of 6,100 billion

Operating Profit of 220 billion

Ordinary Profit of 200 billion

Net Income of 250 billion

Capital expenditures of 310 billion

And net automotive debt less than or equal to 1.1 trillion yen.

Our dollar forecast remains unchanged at 103 yen for the second half. However, for the euro, we are now forecasting a rate of 95 yen for the second half.

#### 4. CONSOLIDATED FINANCIAL STATEMENTS

##### 1) Consolidated Statements of Income and Retained Earnings

(For the 1st half of fiscal year ending March 31, 2001)

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

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

	4/1/00 - 9/30/00	4/1/99 - 9/30/99 (For Reference)	Change		4/1/99 - 3/31/00
			Amount	%	
NET SALES	3,018,309	3,045,320	(27,011)	-0.9%	5,977,075
COST OF SALES	2,343,911	2,320,436	23,475		4,570,243
Gross profit before adjustment for gains from installment sales	674,398	724,884	(50,486)	-7.0%	1,406,832
ADJUSTMENT FOR GAINS FROM INSTALLMENT SALES	175	1,662	(1,487)		2,010
Gross profit	674,573	726,546	(51,973)	-7.2%	1,408,842
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	540,202	668,048	(127,846)		1,326,277
Operating income	134,371	58,498	75,873	129.7%	82,565
NON-OPERATING INCOME	45,563	57,550	(11,987)		61,907
Interest and dividends income	5,718	8,669	(2,951)		13,415
Equity in earnings of unconsolidated subsidiaries & affiliates	4,659	-	4,659		-
Other non-operating income	35,186	48,881	(13,695)		48,492
NON-OPERATING EXPENSES	49,249	73,494	(24,245)		146,114
Interest expense and discount charges	24,222	44,899	(20,677)		73,979
Equity in losses of unconsolidated subsidiaries & affiliates	-	3,889	(3,889)		19,033
Amortization of net retirement benefit obligations at transition	12,548	-	12,548		-
Other non-operating expenses	12,479	24,706	(12,227)		53,102
Ordinary income	130,685	42,554	88,131	207.1%	(1,642)
EXTRAORDINARY GAINS	53,610	37,143	16,467		38,622
EXTRAORDINARY LOSSES	10,743	426,759	(416,016)		749,634
Income (loss) before income taxes	173,552	(347,062)	520,614	-	(712,654)
INCOME TAXES	38,587	18,691	19,896		40,503
INCOME TAXES DEFERRED	(55,734)	(29,072)	(26,662)		(30,589)
MINORITY INTEREST	18,699	(13,161)	31,860		(38,205)
NET INCOME (LOSS)	172,000	(323,520)	495,520	-	(684,363)
PRIOR YEAR ADJUSTMENT FOR ADOPTION OF TAX-EFFECT ACCOUNTING	-	(98,568)	98,568		(98,568)
RETAINED EARNINGS AT BEGINNING OF THE PERIOD	(237,301)	653,433	(890,734)		653,433
ADDITIONS OTHER THAN NET INCOME	1,955	-	1,955		-
DEDUCTIONS	5,091	115,447	(110,356)		107,803
RETAINED EARNINGS AT END OF THE PERIOD	(68,437)	115,898	(184,335)		(237,301)

## 2) Consolidated Balance Sheets

as of Sep.30, 2000, March 31, 2000 and Sep.30, 1999

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

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

	as of 9/30/00	as of 3/31/00	Change	as of 9/30/99 (For Reference)
[ASSETS]				
CURRENT ASSETS	2,527,349	2,824,563	(297,214)	3,301,893
Cash on hand and in banks	230,503	483,473	(252,970)	750,022
Notes & accounts receivable	444,147	492,380	(48,233)	512,706
Finance receivables	910,148	695,531	214,617	746,341
Marketable securities	26,433	260,252	(233,819)	342,014
Inventories	557,020	547,351	9,669	607,820
Deferred income taxes	122,891	106,286	16,605	101,517
Other current assets	236,207	239,290	(3,083)	241,473
FIXED ASSETS	3,486,536	3,351,095	135,441	3,515,573
Property, plant and equipment	2,766,515	2,848,004	(81,489)	2,984,600
Intangible assets	41,532	45,104	(3,572)	53,599
Investment securities	470,068	218,814	251,254	257,685
Long-term loans receivable	40,593	42,340	(1,747)	26,918
Deferred income taxes	54,331	27,792	26,539	52,237
Other fixed assets	113,497	169,041	(55,544)	140,534
TRANSLATION ADJUSTMENTS	-	365,526	(365,526)	342,278
<b>TOTAL ASSETS</b>	<b>6,013,885</b>	<b>6,541,184</b>	<b>(527,299)</b>	<b>7,159,744</b>
[LIABILITIES]				
CURRENT LIABILITIES	2,796,275	2,980,946	(184,671)	# 3,129,272
Notes & accounts payable	584,376	610,444	(26,068)	# 633,105
Short-term borrowings	1,249,166	1,316,560	(67,394)	# 1,475,832
Deferred income taxes	1,156	-	1,156	# -
Other current liabilities	961,577	1,053,942	(92,365)	# 1,020,335
LONG-TERM LIABILITIES	2,374,676	2,570,892	(196,216)	# 2,688,390
Bonds and debentures	747,188	909,939	(162,751)	# 954,358
Long-term borrowings	711,766	745,671	(33,905)	# 915,476
Long-term accrued pension cost	-	222,981	(222,981)	# 222,977
Deferred income taxes	172,550	166,345	6,205	# 175,182
Accrued warranty costs	157,410	152,342	5,068	# 152,409
Accrual for losses on restructuring	125,359	164,590	(39,231)	# -
Accrued retirement allowances	-	127,325	(127,325)	# 126,385
Accrued retirement benefits	401,252	-	401,252	# -
Other long-term liabilities	59,151	81,699	(22,548)	# 141,603
<b>TOTAL LIABILITIES</b>	<b>5,170,951</b>	<b>5,551,838</b>	<b>(380,887)</b>	<b># 5,817,662</b>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	80,928	59,990	20,938	# 58,391
[SHAREHOLDERS' EQUITY]				
COMMON STOCK	496,605	496,605	0	# 496,605
CAPITAL SURPLUS	690,262	690,262	0	# 690,262
RETAINED EARNINGS	(68,437)	(237,301)	168,864	# 115,898
UNREALIZED HOLDING GAINS ON SECURITIES	27,082	-	27,082	# -
TRANSLATION ADJUSTMENTS	(376,159)	-	(376,159)	# -
TREASURY STOCK	(6)	(4)	(2)	# (3)
TREASURY STOCK OWNED BY SUBSIDIARIES	(7,341)	(20,206)	12,865	# (19,071)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>762,006</b>	<b>929,356</b>	<b>(167,350)</b>	<b># 1,283,691</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS &amp; SHAREHOLDERS' EQUITY</b>	<b>6,013,885</b>	<b>6,541,184</b>	<b>(527,299)</b>	<b># 7,159,744</b>

Note.1 The amount of short-term borrowings includes current maturities of long-term borrowings, bonds and debentures, and commercial paper.

Note.2 Deferred income taxes of 254 million yen were included in "Other current liabilities" as of March 31, 2000.

### 3) Consolidated Statements of Cash Flows

(For the 1st half of fiscal year ending March 31, 2001)

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

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

	MY2000 (4/00-9/00)	FY1999 (4/99-3/00)
<b>Operating activities</b>		
Income (loss) before income taxes	173,552	(712,654)
Depreciation and amortization	164,691	434,553
Unrealized loss on securities	0	29,827
Interest and dividend income	(5,718)	(13,415)
Interest expense	52,876	119,176
Loss on disposals of property, plant and equipment	901	29,682
Increase in finance receivables	(214,617)	(8,400)
(Increase) decrease in inventories	(35,458)	43,146
Amortization of prior service costs	0	222,981
Provision for losses on business restructuring	0	164,590
Reversal of accrual for losses on business restructuring	(19,124)	0
Others	(50,026)	121,918
Sub-total	67,077	431,404
Interest and dividends received	3,257	11,569
Interest paid	(51,805)	(121,607)
Income taxes paid	(24,654)	(29,275)
Total	(6,125)	292,091
<b>Investing activities</b>		
Decrease in short-term investments	3,370	57,540
Purchases of investment securities	(7,535)	(25,682)
Proceeds from sales of investment securities	54,259	57,825
Decrease of long-term loans	8,549	5,269
Increase of long-term loans	(1,230)	(7,439)
Purchases of property, plant and equipment	(80,500)	(238,347)
Proceeds from sales of property, plant and equipment	61,043	85,859
Increase in leased assets	(72,744)	(153,793)
Proceeds from sales of subsidiaries' shares resulting in changes in consolidation	2,456	40,779
Additional acquisition of shares of consolidated subsidiaries	(2,063)	(10,237)
Proceeds from spin-off	30,591	0
Others	16,785	7,814
Total	12,981	(180,412)
<b>Financing activities</b>		
Decrease in short-term borrowings	(200,953)	(831,150)
Increase in long-term borrowings	171,502	213,909
Increase in bond and debentures	50,000	295,313
Repayment or redemption of long-term debt	(268,870)	(563,055)
Proceeds from issuance of new shares of common stock	0	585,700
Proceeds from sales of treasury stock	17,163	0
Repayment for lease obligations	(10,230)	(18,460)
Cash dividends paid	0	(340)
Total	(241,388)	(318,083)
Effect of exchange rate changes on cash and cash equivalents	406	(30,567)
Decrease in cash and cash equivalents	(234,126)	(236,971)
Cash and cash equivalents at beginning of period	490,708	695,265
Increase by newly consolidated subsidiaries	564	33,668
Decrease by omitted subsidiaries	(5,123)	(1,254)
Cash and cash equivalents at end of period	252,023	490,708

#### **4) Basis of Consolidated Financial Statements**

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

(1) Consolidated subsidiaries ; 335 companies ( Domestic 238, Overseas 97)

Domestic Car Dealers, Parts Distributors, Forklift Dealers

Kangagawa Nissan Motor Co., Ltd, Yokohama Nissan Motor Co., Ltd  
Nissan Satio Tokyo Co., Ltd, Nissan Prince Tokyo Motor Sales Co., Ltd  
Nissan Tokyo Parts Sales Co., Ltd, Nissan Forklift Kanagawa Co.,Ltd  
and other 201 companies

Domestic Parts Manufacturers

Nissan Shatai Co.,Ltd, Aichi Machine Industry Co., Ltd  
JATCO TransTechnology Ltd. and other 3 companies

Domestic Logistics & Services Companies

Nissan Trading Co., Ltd. Nissan Financial Service Co., Ltd., Autech Japan, Inc.  
Vantec Corporation and other 21 companies

Overseas subsidiaries

Nissan North America Inc., Nissan Europe N.V.  
Nissan Motor Manufacturing (UK) Ltd.  
Nissan Mexicana, S.A. de C.V. and other 93 companies

Unconsolidated Subsidiaries ; 243 (Domestic 198, Overseas 45)

These 243 companies are excluded from consolidation because the effect of not consolidating them was immaterial to the company's consolidated financial statements.

(2) Companies Accounted for by the Equity Method

Unconsolidated subsidiaries;                    19 (Domestic 6, Overseas 13)  
Affiliates;    41 (Domestic 33, Overseas 8)

Domestic    Nissan Diesel Motor Co., Ltd., Calsonic Kansei Corporation,  
                  Unisia Jecs Corp. and other 36 companies  
Overseas     Yulon Motor Co., Ltd., Siam Nissan Automobile Co., Ltd. & Siam group 5  
                  companies, and other 14 companies

The 224 unconsolidated subsidiaries and 45 affiliates other than the above 395 companies were not accounted for by the equity method because the effect of not adopting the equity method to them was immaterial to the company's consolidated net income and retained earnings.

(3) Change in the Scope of Consolidation

The change in the scope of consolidation compared with the first half of fiscal year 1999 was summarized as follows.

Included in consolidation; 15 subsidiaries (Aichi Machine Industry Co., Nissan Forklift Tokyo Co.,Ltd  
and 5 Forklift companies and other 8 companies)

Excluded from consolidation ; 25 subsidiaries (Nissan Satio Aomori Co.,Ltd, Nic Co.,Ltd and other 23  
companies )

Number of companies newly accounted for by the equity method; 3 (Nissan Parts Gunma Co.,Ltd and  
other 2 companies)

Number of companies ceased to be accounted for by the equity method; 16 (Ikeda Bussan Co.,Ltd, Yorozu Corporation, Ichikoh Industries Co.,Ltd, Aichi Machine Industry Co.,Ltd, Nissan Forklift Tokyo Co.,Ltd and 5 Forklift companies and other 6 companies)

The increase in the number of consolidated subsidiaries and companies accounted for by the equity method was primarily attributable to those newly incorporated or became material to the consolidated financial statements. The decrease was mainly due to sales or mergers.

## 2. Fiscal Period of Consolidated Subsidiaries

1)The end of first half of this fiscal year of the following consolidated subsidiaries is different from that of the Company (Sep 30):

June 30 : Nissan Mexicana,S.A.de C.V., Automakers (Pty) Ltd. and other 60 overseas subsidiaries

July 31 : Yokohama Marinos Ltd.

2)With respect to the above 63 companies, the effect of the difference in fiscal period is properly adjusted in consolidation.

## 3.Significant Accounting Policies

1)Valuation of assets

1.Securities

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

Other securities whose fair value is available are stated at fair value at the balance sheet date and the changes in fair value, net of applicable income taxes, are directly charged or credited to shareholders' equity. Cost of such securities sold is determined by the moving average method. Other securities whose fair value is not available are stated at cost determined by the moving average method.

2.Derivative

Derivative financial instruments are stated at fair value except for those reflected in carrying value of related assets and liabilities.

3.Finished products

Finished products are determined principally by weighted average method.

4. Other inventories

Work in process and purchased parts included in raw materials & supplies are stated primarily at the lower of cost, determined by the weighted average method, or market.

Raw materials & supplies other than purchased parts are stated at the lower of cost, determined by the last-in, first-out method, or market.

2) Depreciation of property, plant and equipment

Depreciation of property is principally computed by the straight line method.

3) Accounting for Reserves and Allowances

### Allowance for Doubtful Accounts

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

### Accrued Warranty Costs

Reserve for Warranty claims is provided to cover all service costs expected to be incurred during the entire warranty period under provisions of warranty contracts at the amount calculated referring to historical experience.

### Accrual for losses on business restructuring

Accrual for losses on business restructuring is provided for costs expected to be incurred as result of the business reform under the Nissan Revival Plan at the amount estimated to be reasonable.

The increase in the number of consolidated subsidiaries and companies accounted for by the equity method was primarily attributable to those newly incorporated or became material to the consolidated financial standards. The decrease was mainly due to sales or mergers.

#### Accrued retirement benefits

Accrued retirement benefits are provided for payment of employees' post retirement benefits at the amount to be accrued at the end of 1st half of this fiscal year which are calculated based on projected retirement benefit obligations and fair value of pension plan assets at the end of this fiscal year. Net retirement benefit obligations at transition is amortized over a period of 15 years on a straight line basis.

#### 4) Lease transactions

Noncancelable lease transactions are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

#### 5) Consumption Tax.

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

#### 6) Accounting policies adopted by foreign consolidated subsidiaries

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

#### **4.Consolidation of subsidiaries**

All assets and liabilities of consolidated subsidiaries are revaluated at fair value in consolidation at the date of acquisition.

#### **5.Amortization of cost over net asset**

The excess of cost over underlying net assets at fair value at the date of acquisition is charged to income in the year of acquisition because such amounts are immaterial.

#### **6.Appropriation of retained earnings**

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial year. The accounts for that year do not, therefore, reflect such appropriation.

#### **7.Cash and cash equivalents**

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

#### **8.Change of accounting method**

Depreciation of property, plant and equipment

Effective April 1, 2000 the Company changed its depreciation method of property, plant and equipment to the straight-line method in Japan. Until the year ended March 31, 2000 depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings acquired subsequent to March 31, 1998 on which depreciation is calculated by the straight-line method, at rates prescribed by the Corporate Tax Law in Japan. The Company also changed its useful lives and residual values of property, plant and equipment in Japan to the estimated useful lives and estimated economic value determined by the Company, respectively, in conjunction with the change in the depreciation method. The effect of these accounting changes was to increase income before income taxes by ¥12,717 million for the six months ended September 30, 2000.

## **5) Note to Consolidated Financial Statements**

### **1.Contingent Liabilities**

At September 30, 2000, the company and its consolidated subsidiaries had the following contingent liabilities:

	(Millions of yen)
1)As guarantor of employees' housing loans from banks and others	240,355
(195,746 for employees, 44,609 for others)	
2)Commitment to provide guarantees of indebtedness of unconsolidated subsidiaries and affiliates at the request of lending banks	2,359
3)Letters of awareness to financial institutions regarding the indebtedness of certain affiliates	19,240
4)Letters of awareness to financial institutions to whom trade receivables were sold	77,391
5)The outstanding balance of installment receivables sold with recourse	211

### **2.Reserch and Development costs included in cost of sales and general and administrative expenses**

(Millions of yen)  
107,621

### **3.Cash Flows**

Reconciliation between cash and cash equivalents reported in the consolidated statements of cash flows and cash on hand and in banks reported in the consolidated balance sheet is shown below.

(as of 9/30/2000)	(Millions of yen)
Cash on hand and in banks	230,503
Time deposit with a maturity of more than three months	(2,886)
Cash equivalents included in marketable securities*	24,406
Cash and cash equivalents	252,023

\*Commercial paper, securities purchased with repurchase agreements and national and local government and corporate bonds

#### 4. Lease transactions

[Lessee's Accounting] (in millions of yen)

(1) Finance lease (except those under which the ownership of leased properties is transferred to lessee.)

1. Acquisition cost, accumulated depreciation and net book value of leased properties as of September 30, 2000.

	as of 9/30/00			as of 3/31/00		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery&Tools	77,658	43,517	34,143	75,338	39,200	36,138
Others	143,965	73,065	70,900	175,213	82,722	92,491
Total	221,623	116,582	105,043	250,551	121,922	128,629

2. Future lease payments subsequent to September 30,2000.

	as of 9/30/00			as of 3/31/00		
	Within one year	Over one year	Total	Within one year	Over one year	Total
	42,447	63,803	106,250	49,431	81,709	131,140

3. Lease payments, depreciation and interest expense during 4/1/00 - 9/30/00.

	4/1/00 - 9/30/00			4/1/99 - 3/31/00		
	Lease payments	Depreciation	Interest expenses	Lease payments	Depreciation	Interest expenses
	27,072	25,556	1,661	57,882	53,532	3,756

(2) Operating lease

Future lease payments subsequent to September 30,2000.

	as of 9/30/00			as of 3/31/00		
	Within one year	Over one year	Total	Within one year	Over one year	Total
	4,172	18,904	23,075	4,538	19,174	23,712

[Lessor's Accounting] (in millions of yen)

(1) Finance lease except for those under which the ownership of leased properties is transferred to lessee.

1. Acquisition cost, accumulated depreciation and net book value of leased properties as of September 30, 2000.

	as of 9/30/00			as of 3/31/00		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery&Tools	101,376	48,346	53,030	101,063	48,822	52,241
Others	4,505	2,509	1,996	4,617	2,687	1,930
Total	105,881	50,855	55,026	105,680	51,509	54,171

2. Future lease income subsequent to September 30,2000.

	as of 9/30/00			as of 3/31/00		
	Within one year	Over one year	Total	Within one year	Over one year	Total
	21,362	36,439	57,801	21,805	35,599	57,404

3. Lease income, depreciation and interest portion equivalent during 4/1/00 - 9/30/00.

	4/1/00 - 9/30/00			4/1/99 - 3/31/00		
	Lease income	Depreciation	Finance income	Lease income	Depreciation	Finance income
	18,898	9,852	1,138	38,332	22,397	1,962

(2) Operating lease

Future lease income subsequent to September 30,2000.

	as of 9/30/00			as of 3/31/00		
	Within one year	Over one year	Total	Within one year	Over one year	Total
	75,332	155,595	230,927	119,748	104,124	223,872

## 5. SEGMENT INFORMATION

for the fiscal years ended September 30, 2000 and March 31, 2000

[in millions of Yen, ( ) indicates minus]

### 1. GEOGRAPHICAL SEGMENT INFORMATION

4/1/00 - 9/30/00	Japan	North America	Europe	Other foreign countries	Total	Eliminations and other	Consolidated
I. NET SALES							
(1) Sales to third parties	1,211,852	1,226,368	453,873	126,216	3,018,309	—	3,018,309
(2) Inter-area sales and transfers	642,731	9,342	5,353	1,189	658,615	(658,615)	0
TOTAL	1,854,583	1,235,710	459,226	127,405	3,676,924	(658,615)	3,018,309
OPERATING EXPENSES	1,795,773	1,140,399	474,505	126,026	3,536,703	(652,765)	2,883,938
OPERATING INCOME	58,810	95,311	(15,279)	1,379	140,221	(5,850)	134,371

(for reference: unaudited base) 4/1/99 - 9/30/99	Japan	North America	Europe	Other foreign countries	Total	Eliminations and other	Consolidated
I. NET SALES							
(1) Sales to third parties	1,342,168	1,082,897	479,378	140,877	3,045,320	—	3,045,320
(2) Inter-area sales and transfers	666,550	11,724	7,003	1,789	687,066	(687,066)	0
TOTAL	2,008,718	1,094,621	486,381	142,666	3,732,386	(687,066)	3,045,320
OPERATING EXPENSES	1,984,917	1,051,180	499,268	144,030	3,679,395	(692,573)	2,986,822
OPERATING INCOME	23,801	43,441	(12,887)	(1,364)	52,991	5,507	58,498

4/1/99 - 3/31/00	Japan	North America	Europe	Other foreign countries	Total	Eliminations and other	Consolidated
I. NET SALES							
(1) Sales to third parties	2,626,866	2,217,775	876,931	255,503	5,977,075	—	5,977,075
(2) Inter-area sales and transfers	1,328,623	22,499	13,216	2,766	1,367,104	(1,367,104)	0
TOTAL	3,955,489	2,240,274	890,147	258,269	7,344,179	(1,367,104)	5,977,075
OPERATING EXPENSES	3,936,059	2,152,934	928,259	261,355	7,278,607	(1,384,097)	5,894,510
OPERATING INCOME	19,430	87,340	(38,112)	(3,086)	65,572	16,993	82,565

Note: 1. Segmentation of countries and regions are based on geographical degree of proximity and relevancy of business activity.

2. Major countries and regions included in each segment are;

(1) North America: U.S.A., Canada, Mexico

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

(3) Others: Asia, Oceania, Middle East, Middle & South America countries (except Mexico), South Africa

3. Accounting Change: Depreciation of property, plant and equipment

Effective April 1, 2000 the Company changed its depreciation method of property, plant and equipment to the straight-line method in Japan. Until the year ended March 31, 2000 depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings acquired subsequent to March 31, 1998 on which depreciation is calculated by the straight-line method, at rates prescribed by the Corporate Tax Law in Japan. The Company also changed its useful lives and residual values of property, plant and equipment in Japan to the estimated useful lives and estimated economic value determined by the Company, respectively, in conjunction with the change in the depreciation method.

The effect of these accounting changes was to increase operating profit of Japan by ¥12,524 million for the six months ended September 30, 2000.

## 2. BUSINESS SEGMENT INFORMATION

The business segment information is not disclosed due to the following reasons:

- (1) Net sales from the automobile segment constituted more than 90% of the consolidated total.
- (2) Operating income (loss) from the automobile segment constituted more than 90% of the consolidated total.

## 3. OVERSEAS NET SALES

as of 9/30/00	North America	Europe	Other foreign countries	Total
(1) Overseas net sales [Millions of Yen]	1,254,977	466,472	276,499	1,997,948
(2) Consolidated net sales [Millions of Yen]				3,018,309
(3) Overseas sales as a percentage of consolidated net sales (%)	41.6	15.4	9.2	66.2

as of 3/31/00	North America	Europe	Other foreign countries	Total
(1) Overseas net sales [Millions of Yen]	2,179,489	885,956	478,812	3,544,257
(2) Consolidated net sales [Millions of Yen]				5,977,075
(3) Overseas sales as a percentage of consolidated net sales (%)	36.5	14.8	8.0	59.3

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

2. Segmentation of countries and regions are based on geographical degree of proximity and relevancy of business activity.

3. Main countries and regions included in each segment are:

- (1) North America: USA, Canada, Mexico
- (2) Europe: Germany, U.K., Spain and other European countries
- (3) Others: Asia, Oceania, Middle East, Middle & South America countries (except Mexico), South Africa

## **6.Products and sales**

### 1)Global Vehicle Production

Thousands of units

	MY2000	MY1999	Change (%)
Japan	661	659	0.3%
U.S.A.	187	163	14.7%
Mexico	140	83	68.7%
U.K.	167	132	26.5%
Spain	59	50	18.0%
South Africa	17	12	41.7%
Total	1,231	1,099	12.0%

Note: Period for counting units

Japan, U.S.A April/2000-September/2000

Others January/2000-June/2000

### 2)Consolidated unit sales by region

Thousands of units

	MY2000	MY1999	Change (%)
Japan	341	369	( 7.6% )
North America	515	397	29.7%
Europe	274	263	4.2%
Others	157	137	14.6%
Total	1,287	1,166	10.4%

Note: Period of counting units

Japan , North America ( except Mexico )

April/2000-September/2000

North America ( Mexico only ) , Europe

January/2000-June/2000

## **7.Securities**

as of Sep 30, 2000

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

### (1) Marketable held-to-maturity securities

	Book value	Fair value	Gain ( loss)
(1) National & local government bonds	-	-	-
(2) Corporate bonds	2,804	2,793	(11)
(3) Other bonds	-	-	-
Total	2,804	2,793	(11)

### (2) Securities whose fair value is available

	Acquisition cost	Fair value	Gain ( loss)
(1) Stocks	185,017	234,319	49,302
(2) Bonds			
National & local government bonds	34	34	0
Corporate bonds	4,069	4,013	(56)
Other bonds	15,077	14,889	(188)
(3) Others	130	132	2
Total	204,327	253,387	49,060

### (3) Detail of securities whose fair value is not available

#### (1) Held-to-maturity securities

Unlisted domestic bonds	5,021
Unlisted foreign bonds	984
Commercial paper	1,000

#### (2) Other Securities

Unlisted domestic bonds	15,010
Unlisted foreign bonds	17,380

## 8.Fair Value of Derivative Transactions

1. As of September 30, 2000

1) Currency related transactions

Millions of yen

	Notional amount	Fair Value	Unrealized Gain(Loss)
Forward exchange			
Sell position			
GBP	11,308	11,207	100
Others	523	521	2
Buy position			
US\$	50,096	48,647	-1,449
Others	308	286	-22
Option			
Collar			
US\$	2,875		
(Premium)	(—)	46	46
Currency Swap			
US\$	291,075	15,670	15,670
Others	60,650	2,860	2,860
Total	—	—	17,207

2) Interest related transactions

Millions of yen

	Notional amount	Fair Value	Unrealized Gain(Loss)
Interest rate swap			
Receive float / Pay fix	261,404	-2,048	-2,048
Receive fix / Pay float	204,508	6,412	6,412
Receive float / Pay float	6,293	32	32
Option			
Cap, sold	122,143		
(Premium)	(—)	-655	-655
Cap, purchased	196,143		
(Premium)	( 630)	1,014	384
Total	—	—	4,125

3) Stock related transactions

Millions of yen

	Notional amount	Fair Value	Unrealized Gain(Loss)
Option			
Call, sold	8,509	-960	-960
Put, purchased	6,669	604	604
Total	—	—	-356

(Notes)

- The notional amounts of the forward exchange contracts and currency swaps presented above exclude those entered into to hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at the corresponding contracted rates in the accompanying consolidated balance sheets.
- The above table does not include certain currency swaps reflected in the carrying values of receivables and payables denominated in foreign currencies in accordance with the new accounting standard for foreign currency translations.
- The above table does not include derivative financial instruments accounting for as hedges.

2. As of March 31, 2000

1) Currency related transactions

Millions of yen

	Notional amount		Fair Value	Unrealized Gain(Loss)
		incl. LONG TERM		
<b>Forward exchange</b>				
<b>Sell position</b>				
EURO	59,442	—	54,622	4,820
GBP	12,079	—	12,331	-252
US\$	10,399	—	10,349	50
Others	1,903	—	1,902	1
<b>Buy position</b>				
US\$	71,795	—	73,109	1,314
<b>Option</b>				
<b>Call, sold</b>				
US\$	13,056	—		
(Premium)	( -87)	( — )	-43	44
EURO	8,600	—		
(Premium)	( -60)	( — )	-27	33
<b>Put, purchased</b>				
US\$	12,550	—		
(Premium)	( 87)	( — )	102	15
EURO	8,000	—		
(Premium)	( 60)	( — )	88	28
<b>Currency Swap</b>				
US\$	340,610	192,416	36,975	36,975
Others	21,010	14,153	2,927	2,927
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>45,955</b>

(Notes)

The notional amounts of the forward exchange contracts and currency swaps presented above exclude those entered into to hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at the corresponding contracted rates in the accompanying consolidated balance sheets.

2) Interest related transactions

Millions of yen

	Notional amount		Fair Value	Unrealized Gain(Loss)
		incl. LONG TERM		
<b>Interest rate swap</b>				
Receive float / Pay fix	444,109	351,382	-4,435	-4,435
Receive fix / Pay float	244,328	197,671	8,882	8,882
Receive float / Pay float	20,670	18,719	1	1
Receive fix / Pay fix	8,000	8,000	-13	-13
<b>Option</b>				
Cap, sold	49,938	46,938		
(Premium)	( -1)	( — )	-351	-350
Floor, sold	3,000	—		
(Premium)	( -8)	( — )	-15	-7
Cap, purchased	125,982	122,982		
(Premium)	( 829)	( 828)	1,090	261
Collar	1,000	—		
(Premium)	( — )	( — )	5	5
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,344</b>

## 9. VEHICLE PRODUCTION

(For the first half of fiscal years ending/ended March 31, 2001 and 2000)

(Units)	Apr.-Sep.	Apr.-Sep.	Change
	2000	1999	(%)
Domestic	661,023	659,045	0.3%

## 10. NON-CONSOLIDATED SALES BY PRODUCT LINE

(For the first half of fiscal years ending/ended March 31, 2001 and 2000)

	Apr.-Sep.	Apr.-Sep.	Change
	2000	1999	(%)
<b>Vehicle sales (Units)</b>			
<b>Total vehicle sales</b>	<b>674,977</b>	<b>666,508</b>	<b>1.3%</b>
Domestic	345,760	358,055	-3.4%
Export	329,217	308,453	6.7%
<b>Passenger vehicles</b>	<b>571,331</b>	<b>571,116</b>	<b>0.0%</b>
Domestic	288,181	308,835	-6.7%
Export	283,150	262,281	8.0%
<b>Commercial vehicles</b>	<b>103,646</b>	<b>95,392</b>	<b>8.7%</b>
Domestic	57,579	49,220	17.0%
Export	46,067	46,172	-0.2%
<b>Net sales (million yen)</b>			
<b>Total net sales</b>	<b>1,464,918</b>	<b>1,487,890</b>	<b>-1.5%</b>
Domestic	665,468	755,447	-11.9%
Export	799,449	732,442	9.1%
<b>Vehicles</b>	<b>1,120,346</b>	<b>1,148,925</b>	<b>-2.5%</b>
Domestic	554,213	626,901	-11.6%
Export	566,133	522,024	8.4%
<b>Production parts and components for overseas production</b>	<b>150,801</b>	<b>119,305</b>	<b>26.4%</b>
Domestic	-	-	-
Export	150,801	119,305	26.4%
<b>Automotive parts</b>	<b>141,507</b>	<b>151,991</b>	<b>-6.9%</b>
Domestic	97,963	104,524	-6.3%
Export	43,543	47,466	-8.3%
<b>Other automotive business</b>	<b>29,987</b>	<b>32,327</b>	<b>-7.2%</b>
Domestic	3,554	826	329.8%
Export	26,433	31,500	-16.1%
<b>Sub total of automotive business</b>	<b>1,442,642</b>	<b>1,452,550</b>	<b>-0.7%</b>
Domestic	655,731	732,252	-10.5%
Export	786,911	720,297	9.2%
<b>Aerospace equipment</b>	<b>1,935</b>	<b>15,122</b>	<b>-87.2%</b>
Domestic	1,935	15,122	-87.2%
Export	-	-	-
<b>Forklifts and marine equipment</b>	<b>20,340</b>	<b>20,217</b>	<b>0.6%</b>
Domestic	7,802	8,072	-3.3%
Export	12,537	12,145	3.2%

Other automotive business consists of receivable royalty, equipment and tools for production and used cars.

# 11. FINANCIAL STATEMENTS

## 1) NON-CONSOLIDATED STATEMENTS OF INCOME

For the first half of fiscal years ending/ended March 31, 2001 and 2000

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

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

	1st half of FY ending Mar. 2001 4/1/00 - 9/30/00		1st half of FY ending Mar. 2000 4/1/99 - 9/30/99		Change	Entire FY ended Mar. 2000 4/1/99 - 3/31/00
[ORDINARY INCOME/LOSS]						
OPERATING REVENUE/EXPENSES						
OPERATING REVENUE	100%	1,464,918	100%	1,487,890	(22,971)	100% 2,997,020
Net sales		1,464,918		1,487,890	(22,971)	2,997,020
OPERATING EXPENSES		1,419,981		1,475,693	(55,711)	3,012,694
Cost of sales		1,240,060		1,266,035	(25,975)	2,607,243
Selling, general and administrative expenses		179,921		209,657	(29,736)	405,451
OPERATING INCOME	3.1%	44,936	0.8%	12,196	32,739	(0.5%) (15,674)
NON-OPERATING INCOME/EXPENSES						
NON-OPERATING INCOME		28,928		36,677	(7,748)	37,493
Interest and dividend income		6,347		11,498	(5,151)	15,850
Gains on sales of securities		15,742		10,435	5,307	12,671
Reversal of evaluation loss on securities		-		11,356	(11,356)	-
Other non-operating income		6,838		3,385	3,452	8,971
NON-OPERATING EXPENSES		27,544		35,083	(7,538)	57,669
Interest expense and discount charges		11,743		14,720	(2,976)	27,418
Other non-operating expenses		15,801		20,363	(4,562)	30,251
ORDINARY INCOME	3.2%	46,320	0.9%	13,789	(32,530)	(1.2%) (35,850)
[EXTRAORDINARY GAINS/LOSSES]						
EXTRAORDINARY GAINS		30,764		57,748	(26,983)	51,148
Gains on sales of investment securities		10,368		32,117	(21,748)	23,958
Gains on sales of property, plant and equipment		19,207		25,377	(6,169)	27,163
Other extraordinary gains		1,188		253	935	26
EXTRAORDINARY LOSSES		3,858		592,919	(589,060)	800,947
Devaluation loss on investments and receivables		801		269,107	(268,306)	348,898
Amortization of prior service costs		0		192,973	(192,973)	192,973
Provision for warranty costs		0		66,795	(66,795)	66,795
Provision for losses on business restructuring		0		59,088	(59,088)	122,315
Other extraordinary losses		3,057		4,955	(1,897)	69,965
INCOME BEFORE INCOME TAXES	5.0%	73,226	(35.0%)	(521,381)	594,607	(26.2%) (785,649)
INCOME TAXES		1,969		2,837	(867)	4,414
INCOME TAXES DEFERRED		(26,687)		-	(26,687)	0
NET INCOME	6.7%	97,944	(35.2%)	(524,218)	622,163	(26.4%) (790,064)
RETAINED EARNINGS BROUGHT FORWARD FROM PREVIOUS YEAR		(766,778)		303	(767,082)	303
PRIOR YEAR ADJUSTMENT FOR ADOPTION OF TAX-EFFECT ACCOUNTING				(10,058)	10,058	(10,058)
REVERSAL OF RESERVE FOR REDUCTION OF REPLACEMENT COST OF SPECIFIED PROPERTIES FOR ADOPTION OF TAX-EFFECT ACCOUNTING				28,692	(28,692)	28,692
REVERSAL OF RESERVE FOR LOSSES ON OVERSEAS INVESTMENTS FOR ADOPTION OF TAX-EFFECT ACCOUNTING				7,247	(7,247)	7,247
REVERSAL OF RESERVE FOR SPECIAL DEPRECIATION FOR ADOPTION OF TAX-EFFECT ACCOUNTING				1,953	(1,953)	1,953
UNAPPROPRIATED RETAINED EARNINGS( DEFICIT)		(668,834)		(496,080)	(172,753)	(761,926)

## 2)NON-CONSOLIDATED BALANCE SHEETS

As of September 30, 2000, March 31, 2000 and September 30, 1999  
( in millions of Yen, minus indicates loss or minus)

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

	as of 9/30/00	as of 3/31/00	Change	as of 9/30/99
<b>[ASSETS]</b>				
<b>CURRENT ASSETS</b>	1,274,269	1,479,977	(205,708)	1,549,054
Cash on hand and in banks	80,492	275,878	(195,385)	468,729
Notes receivable	854	1,220	(365)	450
Accounts receivable	331,112	418,945	(87,832)	449,769
Marketable securities	5	201,188	(201,183)	215,466
Finished products	60,867	65,143	(4,275)	66,530
Work in process	19,326	32,637	(13,311)	40,829
Raw materials & supplies	25,187	29,501	(4,314)	32,006
Short-term loans receivable	737,461	436,120	301,341	214,570
Other accounts receivable	37,257	41,111	(3,853)	37,977
Other current assets	14,801	12,049	2,752	25,970
Allowance for doubtful accounts	(33,099)	(33,818)	719	(3,246)
<b>FIXED ASSETS</b>	2,272,077	2,083,875	188,201	2,102,882
Property, plant & equipment	564,724	591,833	(27,109)	656,920
Buildings	170,358	181,684	(11,325)	189,099
Structures	33,536	31,592	1,944	32,570
Machinery & equipment	142,402	135,344	7,058	185,049
Vehicles	5,804	5,801	2	6,229
Tools, furniture and fixtures	23,155	22,538	616	37,548
Land	161,056	179,798	(18,741)	179,487
Construction in progress	28,410	35,073	(6,663)	26,934
Intangible assets	14,652	15,706	(1,054)	15,056
Utility rights	185	200	(14)	214
Software	13,190	14,213	(1,022)	13,548
Other intangible assets	1,276	1,293	(16)	1,293
Investments & other assets	1,692,700	1,476,335	216,364	1,430,905
Investments in securities	315,841	99,119	216,721	132,064
Investments in subsidiaries	1,321,182	1,326,595	(5,412)	1,250,191
Long-term loans receivable	50,757	53,062	(2,305)	53,901
Long-term prepaid expenses	10,994	14,541	(3,546)	6,662
Other investments	18,838	8,205	10,632	9,183
Allowance for doubtful accounts	(24,913)	(25,189)	276	(21,098)
<b>TOTAL ASSETS</b>	<b>3,546,346</b>	<b>3,563,853</b>	<b>(17,507)</b>	<b>3,651,936</b>

	as of 09/30/00	as of 03/31/00	Change	as of 09/30/99
<b>[LIABILITIES]</b>				
<b>CURRENT LIABILITIES</b>	979,386	992,633	(13,246)	826,704
Notes payable	2,060	2,292	(232)	2,809
Accounts payable	328,223	350,959	(22,735)	358,090
Short-term borrowings	30,000	90,389	(60,389)	86,605
Current portion of long-term borrowings	40,259	50,463	(10,204)	49,386
Commercial paper	173,300	187,000	(13,700)	41,000
Current maturities of bonds	215,000	75,000	140,000	70,000
Other accounts payable	11,467	13,355	(1,887)	8,393
Accrued expenses	99,279	135,809	(36,529)	118,117
Deposits received	6,531	4,559	1,972	5,167
Employees' savings deposits	64,311	68,491	(4,179)	73,138
Other current liabilities	8,952	14,313	(5,361)	13,997
<b>LONG-TERM LIABILITIES</b>	1,180,773	1,308,145	(127,371)	1,296,310
Bonds	614,267	724,267	(110,000)	714,267
Long-term borrowings	177,680	184,911	(7,231)	213,352
Long-term deposits received	2,473	2,454	18	2,650
Long-term accrued pension cost	-	179,486	(179,486)	186,069
Accrued warranty costs	86,500	85,958	532	94,401
Accrual for losses on business restructuring	75,182	94,332	(19,149)	46,635
Accrued retirement allowances	-	36,725	(36,725)	38,935
Accrued retirement benefits	224,670	-	224,670	-
<b>TOTAL LIABILITIES</b>	<b>2,160,160</b>	<b>2,300,778</b>	<b>(140,617)</b>	<b>2,123,015</b>
<b>[SHAREHOLDERS' EQUITY]</b>				
<b>COMMON STOCK</b>	496,605	496,605	0	496,605
<b>LEGAL RESERVE</b>	741,201	741,201	0	741,201
Capital surplus	690,262	690,262	0	690,262
Legal reserve	50,938	50,938	0	50,938
<b>RETAINED EARNINGS</b>	123,213	25,268	97,944	291,114
Reserve for reduction of replacement cost of specified properties	46,203	39,717	6,486	39,717
Reserve for losses on overseas investments	9,055	10,032	(976)	10,032
Reserve for special depreciation	2,045	2,703	(657)	2,703
General reserve	734,742	734,742	0	734,742
Unappropriated retained earnings (deficit)	(668,834)	(761,926)	93,091	(496,080)
[Net Income( Losses) for the period]	[97,944]	[(790,064)]	[888,008]	[(524,218)]
<b>UNREALIZED HOLDING GAINS ON SECURITIES</b>	25,166	-	25,166	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,386,186</b>	<b>1,263,075</b>	<b>123,110</b>	<b>1,528,921</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>3,546,346</b>	<b>3,563,853</b>	<b>(17,507)</b>	<b>3,651,936</b>

### 3) SIGNIFICANT ACCOUNTING POLICIES FOR 1ST HALF

#### 1. Valuation of assets

##### (1) Valuation of inventories

Finished products, work in process and purchased parts included in raw materials & supplies are stated at the lower of cost, determined by the average method, or market.

Raw materials & supplies except purchased parts are stated at the lower of cost, determined by the last-in, first-out method, or market.

##### (2) Valuation of securities

- Held-to-maturity securities are stated at amortized cost .
- Investments in stock of subsidiaries and affiliates are stated at cost determined by the moving average method.
- Other securities whose fair value is available are stated at fair value at the balance sheet date and the changes in fair value, net of applicable income taxes, are directly charged or credited to shareholders' equity. Cost of such securities sold is determined by the moving average method. Other securities whose fair value is not available are stated at cost determined by the moving average method.

##### (3) Accounting for derivative financial instruments

- Derivative financial instruments are stated at fair value.

#### 2. Depreciation of fixed assets

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

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

#### 3. Accounting for Reserves and Allowances

##### (1) Allowance for doubtful accounts

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

##### (2) Accrued warranty costs

Accrued warranty costs is provided to cover all service costs expected to be incurred during the entire warranty period under provisions of warranty contracts at the amount calculated with reference to past experience

##### (3) Accrued for losses on business restructuring

Accrual for losses on business restructuring is provided for costs expected to be incurred as a result of the business reform under the Nissan Revival Plan at the amount estimated to be reasonable.

##### (4) Accrued retirement benefits

Accrued retirement benefits are provided for payment of employees' post retirement benefits at the amount to be accrued at the end of 1st half of this fiscal year which are calculated based on projected retirement benefit obligation and fair value of pension plan assets at the end of this fiscal year. Net retirement benefit obligations at transition is amortized over a period of 15 years on a straight line basis. (yen 9,109 million)

#### 4. Translation of assets or liabilities denominated in foreign currencies into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date and resulting translation gains and losses are charged or credited to income.

#### 5. Consumption Tax

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

#### 6. Accounting change

(Depreciation of property, plant and equipment)

Effective April 1, 2000 the Company changed its depreciation method of property, plant and equipment to the straight-line method. Until the year ended March 31, 2000 depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings acquired subsequent to March 31, 1998 on which depreciation is calculated by the straight-line method, at rates prescribed by the Corporate Tax Law. The Company also changed its useful lives and residual values of property, plant and equipment to the estimated useful lives and estimated economic value determined by the Company, respectively, in conjunction with the change in the depreciation method. The effect of these accounting changes was to increase income before income taxes by yen 12,717 million for the six months ended September 30, 2000.

#### 4) NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Marketable securities include treasury stock of yen 5 million ( 10 thousand shares )
2. Accumulated depreciation of property, plant and equipment amounted to yen 1,628,412 million.
3. Assets pledged as collateral: Investment securities: Yen 19,450 million
4. As endorser of documentary export bills discounted with banks: Yen 749 million
5. Guarantees and other items: ( ) refers to those relating to subsidiaries  
Guarantees total yen 264,384 million ( yen 57,909 million),  
including yen 180,611 million of employee's residence mortgages which are insured in full  
and yen 25,500million mortgages with pledge.  
  
Commitment to provide guarantees total yen 116 million ( yen 0 million),  
  
Letter of awareness and others total yen 109,590 million ( yen 95,712 million)  
  
Letter of awareness concerning ABS total yen 240,000 million ( yen 162,608 million)  
The Company entered into keepwell agreements with certain overseas subsidiaries to support their credibility.  
Liabilities of such subsidiaries totaled yen 859,206 million.

6. Depreciation expense  
Property, plant, and equipment: Yen 20,200 million

7. Fair value of shares of subsidiaries and affiliates

	<u>amount reported in the balance sheet</u>	<u>fair value</u>	<u>differences</u>
subsidiaries	yen 13,002 million	yen 22,167 million	yen 9,164 million
affiliates	yen 48,509 million	yen 80,208 million	yen 31,698 million

## 8. Lease Transactions

### (1) Finance lease (except those under which the ownership of leased properties is transferred to lessee.)

1. Acquisition cost accumulated depreciation and net book value of leased properties as of September 30, 2000.

(millions of yen)

	as of 9/30/00			as of 3/31/00			as of 9/30/99		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machine	34,661	32,057	2,604	34,998	29,887	5,100	37,665	30,021	7,644
Tools	111,092	57,537	53,554	119,704	53,697	66,007	118,056	47,844	70,211
Others	1,250	678	572	1,332	686	645	1,322	613	709
Total	147,004	90,272	56,732	156,025	84,271	71,754	157,044	78,479	78,565

2. Future lease payments subsequent to September 30, 2000.

(millions of yen)

	as of 9/30/00			as of 3/31/00			as of 9/30/99		
	within one year	over one year	Total	within one year	over one year	Total	within one year	over one year	Total
	28,412	29,878	58,291	32,794	40,750	73,545	33,918	46,676	80,594

3. Lease payments, depreciation and interest expense during 4/1/00-9/30/00.

(millions of yen)

	4/1/00 - 9/30/00			4/1/99 - 3/31/00			4/1/99 - 9/30/99		
	Lease payments	Depreciation	Interest expense	Lease payments	Depreciation	Interest expense	Lease expenses	Depreciation	Interest expense
	19,115	17,818	1,036	42,581	39,397	2,574	22,765	20,943	1,342

### (2) Operating lease

Future lease payments subsequent to September 30, 2000.

(millions of yen)

	as of 9/30/00			as of 3/31/00			as of 9/30/99		
	within one year	over one year	Total	within one year	over one year	Total	within one year	over one year	Total
	127	165	293	137	159	296	143	187	331