# Financial Information as of September 30, 2005

(The English translation of the “Hanki-Houkokusho”
for the six months ended September 30,2005)

# Table of Contents

Page

**Part I Information on the Company ........ 1**

**I. Overview of the Company ........ 1**

1. Trends in Key Financial Data ........ 1
2. Description of Business ........ 3
3. Information on Subsidiaries and Affiliates ........ 4
4. Employees ........ 4

**II. Business Overview ........ 5**

1. Overview of Business Results ........ 5
2. Production, Orders Received and Sales ........ 9
3. Issues and Outlook for the Fiscal Year Ahead ........ 10
4. Important Business Contracts ........ 10
5. Research and Development Activities ........ 10

**III. Property, Plant and Equipment ........ 12**

1. Property, Plant and Equipment ........ 12
2. Plans for New Additions or Disposal ........ 12

**IV. Corporate Information ........ 13**

1. Information on the Company's Shares ........ 13
2. Changes in the Market Prices of the Company's Shares ........ 17
3. Members of the Board of Directors and Corporate Auditors ........ 17

**V. Financial Information ........ 18**

Semiannual Consolidated Financial Statements ........ 19
(1) Semiannual Consolidated Financial Statements ........ 19
(2) Other ........ 54
Semiannual Non-Consolidated Financial Statements ........ 55
(1) Semiannual Non-Consolidated Financial Statements ........ 55
(2) Other ........ 68

[Auditors' Report] ........ 69

# Part I　Information on the Company

## I. Overview of the Company

### 1. Trends in Key Financial Data

### (1) Consolidated Financial Data

| Fiscal year | | First half 105th | First half 106th | First half 107th | Full year 105th | Full year 106th |
|---|---|---|---|---|---|---|
| Period | | From Apr. 1, 2003 to Sept. 30, 2003 | From Apr. 1, 2004 to Sept. 30, 2004 | From Apr. 1, 2005 to Sept. 30, 2005 | From Apr. 1, 2003 to Mar. 31, 2004 | From Apr. 1, 2004 to Mar. 31, 2005 |
| Net sales | (Millions of yen) | 3,556,249 | 4,007,942 | 4,490,975 | 7,429,219 | 8,576,277 |
| Ordinary income | (Millions of yen) | 390,346 | 401,357 | 395,639 | 809,692 | 855,700 |
| Net income | (Millions of yen) | 237,680 | 238,808 | 230,702 | 503,667 | 512,281 |
| Net assets | (Millions of yen) | 1,899,093 | 2,256,742 | 2,712,887 | 2,023,994 | 2,465,750 |
| Total assets | (Millions of yen) | 7,752,872 | 9,115,540 | 10,600,075 | 7,859,856 | 9,848,523 |
| Net assets per share | (Yen) | 461.30 | 550.94 | 666.51 | 493.85 | 604.49 |
| Basic net income per share | (Yen) | 57.40 | 58.30 | 56.69 | 122.02 | 125.16 |
| Diluted net income per share | (Yen) | 56.83 | 57.73 | 56.25 | 120.74 | 124.01 |
| Net assets as a percentage of total assets | (%) | 24.5 | 24.8 | 25.6 | 25.8 | 25.0 |
| Cash flows from operating activities | (Millions of yen) | 252,765 | 124,247 | 177,270 | 797,417 | 369,415 |
| Cash flows from investing activities | (Millions of yen) | △353,720 | △428,297 | △591,217 | △756,126 | △865,035 |
| Cash flows from financing activities | (Millions of yen) | △9,314 | 398,842 | 379,777 | △113,740 | 521,046 |
| Cash and cash equivalents at end of the period | (Millions of yen) | 160,453 | 350,294 | 255,151 | 194,164 | 289,784 |
| Employees ( ) represents the number of part-time employees at the end of the period not included in the above number | (Number) | 119,940<br>(4,464)<br>124,526<br>(6,199) | 159,771<br>(13,129)<br>163,241<br>(13,645) | 163,686<br>(21,173)<br>166,981<br>(21,620) | 119,350<br>(4,398)<br>124,606<br>(6,295) | 169,644<br>(13,963)<br>174,647<br>(14,802) |

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

2. The numbers in the second row of the “Employees” line include the employees of unconsolidated subsidiaries accounted for by the equity method and are presented solely for information purposes.

## (2) Non-Consolidated Financial Data

| Fiscal year | | First half 105th | First half 106th | First half 107th | Full year 105th | Full year 106th |
|---|---|---|---|---|---|---|
| Period | | From Apr. 1, 2003 to Sept. 30, 2003 | From Apr. 1, 2004 to Sept. 30, 2004 | From Apr. 1, 2005 to Sept. 30, 2005 | From Apr. 1, 2003 to Mar. 31, 2004 | From Apr. 1, 2004 to Mar. 31, 2005 |
| Net sales | (Millions of yen) | 1,655,604 | 1,731,397 | 1,903,358 | 3,480,290 | 3,718,720 |
| Ordinary income | (Millions of yen) | 141,377 | 109,240 | 117,461 | 228,098 | 203,711 |
| Net income | (Millions of yen) | 75,348 | 73,964 | 64,705 | 80,713 | 102,415 |
| Common stock | (Millions of yen) | 605,813 | 605,813 | 605,813 | 605,813 | 605,813 |
| Number of shares in issue | (Thousands) | 4,520,715 | 4,520,715 | 4,520,715 | 4,520,715 | 4,520,715 |
| Net assets | (Millions of yen) | 1,766,330 | 1,730,943 | 1,685,563 | 1,709,705 | 1,685,893 |
| Total assets | (Millions of yen) | 4,020,625 | 3,961,075 | 3,952,166 | 4,055,579 | 3,981,914 |
| Net assets per share | (Yen) | 399.81 | 393.66 | 385.63 | 388.60 | 384.86 |
| Basic net income per share | (Yen) | 16.96 | 16.82 | 14.81 | 18.15 | 23.24 |
| Diluted net income per share | (Yen) | 16.80 | 16.67 | 14.70 | 17.97 | 23.04 |
| Cash dividend per share | (Yen) | 8 | 12 | 14 | 19 | 24 |
| Net assets as a percentage of total assets | (%) | 43.9 | 43.7 | 42.6 | 42.2 | 42.3 |
| Employees<br>( ) represents the number of part-time employees at the end of the period not included in the above number | (Number) | 31,870<br>(185) | 32,174<br>(520) | 32,573<br>(1,028) | 31,389<br>(463) | 32,177<br>(578) |

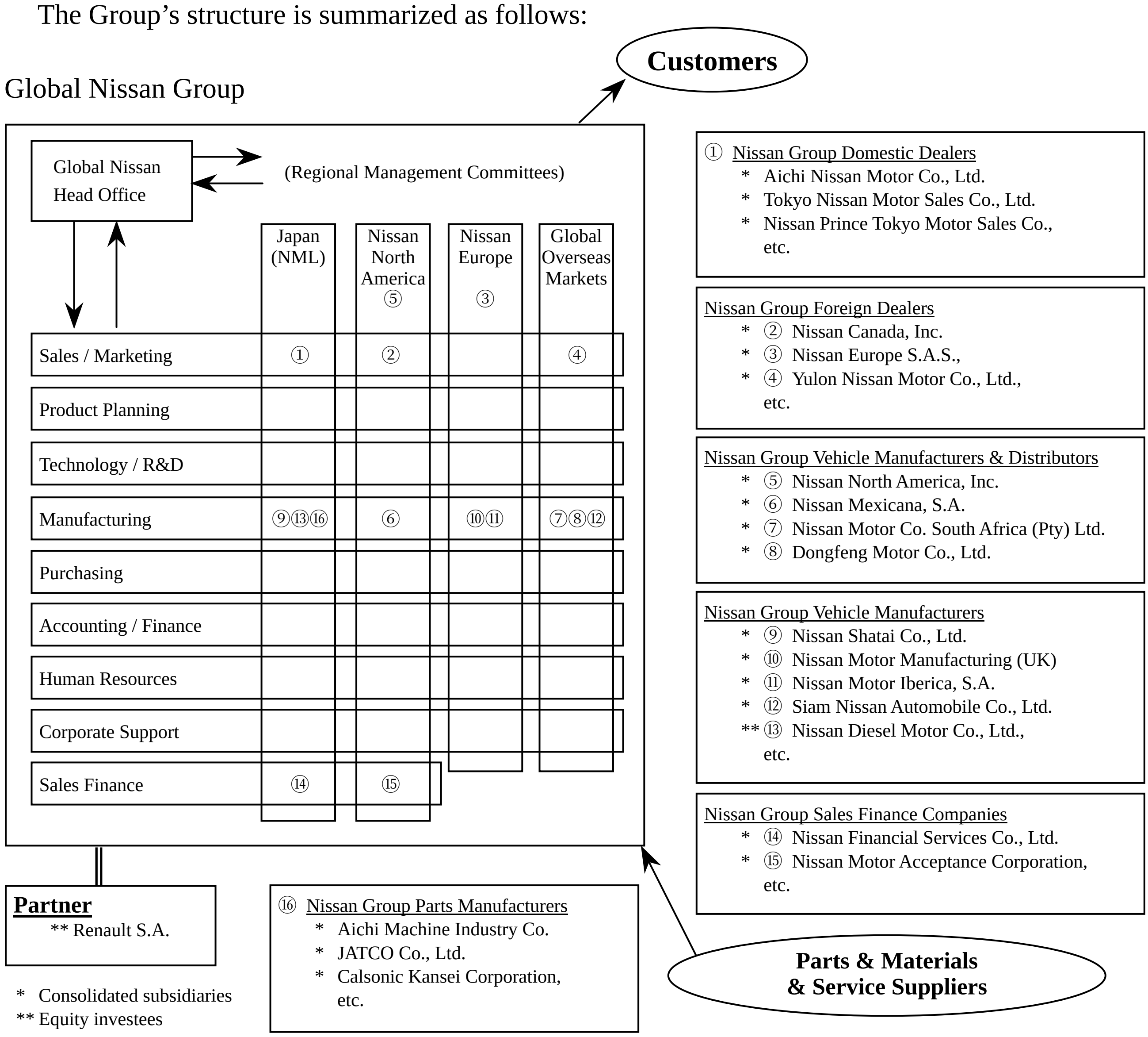
Note: Net sales are presented exclusive of consumption tax.

2. Description of Business

The Nissan Group (the “Group” or “Nissan”) consists of Nissan Motor Co., Ltd. (the “Company”), subsidiaries, affiliates, and other associated companies. Its main business includes sales and production of vehicles, forklifts, marine products and related parts. In addition, the Group provides various services accompanying its main business, such as logistics and sales finance.

The Group established the Global Nissan Head Office as a global headquarters function which is to focus on utilizing regional activities by four Regional Management Committees and cross regional functions like R&D, Purchasing, Manufacturing, etc. and Global Nissan Group is composed of this matrix.

The Group’s structure is summarized as follows:




- Other associated companies are:
  *Nissan Trading Co., Ltd., *Nissan Real Estate Development Co., Ltd., etc.
- Subsidiaries listed on domestic stock exchanges are as follows:
  Nissan Shatai Co., Ltd. -- Tokyo;
  Aichi Machine Industry Co., Ltd. -- Tokyo, Nagoya;
  Calsonic Kansei Corporation -- Tokyo

3. Information on Subsidiaries and Affiliates

The following companies have been excluded from the scope of the consolidation for the six months ended September 30, 2005:

On April 1, 2005, Nissan Motor Corporation in Hawaii, Ltd., which is engaged primarily in the sales of vehicles and auto parts, was merged into Nissan North America, Inc.

On June 30, 2005, Nissan Capital of America, Inc., which is engaged principally in financing for Group companies, was merged into Nissan Motor Acceptance Corporation.

4. Employees

(1) Consolidated Companies

(At September 30, 2005)

| Geographical segment | Number of employees |
|---|---|
| Japan | 87,817 (7,692) |
| North America | 19,497 (392) |
| Mexico | 8,598 (0) |
| Europe | 12,081 (1,361) |
| Other foreign countries | 35,693 (11,728) |
| Total | 163,686 (21,173) |

Notes: 1. The above figures represent full-time employees. The figures in parentheses represent part-time employees at September 30, 2005 not included in the number of full-time employees.

2. Of the above figures, 1,964 (1,364) personnel are employed by the sales finance segment.

(2) The Company

(At September 30, 2005)

| | |
|---|---|
| Number of employees | 32,573 (1,028) |

Note: The above figure represents full-time employees. The figure in parentheses represents part-time employees at September 30, 2005 not included in the number of full-time employees.

(3) Labor Unions

There are no issues to be mentioned concerning the relationship between the Group and its labor unions.

## II. Business Overview

1. Overview of Business Results

(1) Operating Results

Net sales for the six months ended September 30, 2005 increased by ¥483.0 billion, or 12.1%, to ¥4,491.0 billion over those of same period of the prior year. Operating income for the six months ended September 30, 2005 amounted to ¥411.5 billion, an increase of ¥8.1 billion, or 2.0%, over the corresponding amount for the same period of the prior year. As a result of these increases, both net sales and operating income were the highest on record for the Nissan Group. Operating income as a percentage of net sales for the six months ended September 30, 2005 was 9.2%.

Net non-operating expenses for the six months ended September 30, 2005 amounted to ¥15.9 billion, an increase ¥13.8 billion over those recorded in the same period of the prior year. This is attributable primarily to an increase in foreign currency translation losses. As a result, ordinary income for the six months ended September 30, 2005 decreased by ¥5.7 billion, or 1.4%, to ¥395.6 billion over the corresponding amount for the same period of the prior year.

Net special loss for the six months ended September 30, 2005 amounted to ¥28.2 billion, an improvement of ¥2.7 billion from that of the prior year. This amount includes an impairment loss of ¥23.1 as a result of adopting of "Accounting Standard for Impairment of Fixed Assets" effective April 1, 2005.

Income before income taxes and minority interests for the six months ended September 30, 2005 decreased by ¥3.0 billion, or 0.8%, to ¥367.4 billion over the corresponding amount recorded for the same period of the prior year. Net income for the six months ended September 30, 2005 decreased by ¥8.1 billion, or 3.4%, to ¥230.7 billion from the corresponding amount recorded for the same period of the prior year.

The operating results by business segment are summarized as follows:

a. Automobile

Net sales in the automobile segment (including intersegment sales) for the six months ended September 30, 2005 grew by ¥433.2 billion, or 11.3%, to ¥4,260.1 billion over those of the same period of the prior year. This increase is primarily attributable to the initial consolidation of Calsonic Kansei Corporation as well as an increase in number of vehicles sold.

Operating income for the six months ended September 30, 2005 was ¥364.8 billion, an increase of ¥2.0 billion, or 0.5%, compared to that of the same period of the prior year. This is primarily attributable to the increase in the number of vehicles sold, a reduction in purchasing costs, changes in the scope of consolidation, as well as favorable foreign exchange rates offset by an increase in selling expenses associated with an increase in incentives, increased costs to enrich product lines and to comply with various regulations as well as by rising warranty costs.

b. Sales Finance

Net sales in the sales finance segment (including intersegment sales) for the six months ended September 30, 2005 increased by ¥54.1 billion, or 27.3%, to ¥252.4 billion from the corresponding amount for the same period of the prior year. Operating income decreased by ¥1.6 billion, or 4.4%, to ¥34.4 billion over the corresponding amount for the same period of the prior year.

Operating results by geographic segment are summarized as follows:

a) Japan

- Net sales (including intersegment sales) for the six months ended September 30, 2005 increased by ¥242.5 billion, or 11.4%, to ¥2,372.4 billion over those of the same period of the prior year.
- Operating income for the six months ended September 30, 2005 increased by ¥36.9 billion, or 22.7%, to ¥199.4 billion comparing to that of the same period of the prior year primarily due to the increase in number of vehicles sold and changes in the scope of consolidation.

b) North America

- Net sales (including intersegment sales) for the six months ended September 30, 2005 increased by ¥150.5 billion, or 8.6%, to ¥1,910.0 billion over those of the same period of the prior year.
- Operating income for the six months ended September 30, 2005 decreased by ¥27.8 billion, or 14.4%, to ¥165.4 billion over that of the same period of the prior year primarily due to the increase in selling expenses associated with the increase in incentives.

c) Europe

- Net sales (including intersegment sales) for the six months ended September 30, 2005 increased by ¥83.2 billion, or 12.9%, to ¥725.7 billion over those of the same period of the prior year.
- Operating income for the six months ended September 30, 2005 amounted to ¥18.2 billion, a decrease of ¥1.2 billion, or 6.0%, over the results for the same period of the prior year. This is attributable mainly to an increase in selling expenses.

d) Other foreign countries

- Net sales (including intersegment sales) for the six months ended September 30, 2005 increased by ¥106.5 billion, or 20.7%, to ¥621.6 billion from those of the same period of the prior year.
- Operating income for the six months ended September 30, 2005 increased by ¥4.2 billion, or 14.6%, to ¥33.3 billion compared with that recorded for the corresponding period of the prior year primarily due to an increase in number of vehicles sold.

Completion of Nissan 180 Plan ("Nissan One-Eighty")

Of the three commitments under the Nissan 180, the Group has already achieved two commitments, "to achieve an 8% operating profit margin" and "to reduce interest-bearing debt related to the Group's automobile segment to zero under the same accounting principles as those effective when Nissan 180 Plan was implemented." During the six months ended September 30, 2005, the Group completed the last and most challenging commitment of the Nissan 180 Plan – that of delivering 1 million additional sales compared to the fiscal year 2001 level by the end of September 2005. From the start of the Nissan Revival Plan in October 1999, the Group has met and exceeded every public commitment. From this fiscal year, the Group has implemented a new three-year business plan, "Nissan Value-Up," which is focused on delivering sustainable long-term growth.

(Sales)

The number of vehicles sold on a global basis reached 1,834 thousand units, which represents an increase of 15.0% over the same period of the prior year.

The demand of the automobile market slightly increased in Japan, the United States, and Europe, and significantly increased in other foreign markets. In addition, the increase in the incentives is a consistent issue across all markets, especially in the United States, Europe, and China.

Two new models, a minivan "Serena" and a light passenger vehicle "Otti" were launched during the six-month period ended September 30, 2005. Group's sales growth has also benefited from new products launched during the last year of the NISSAN 180, such as "Teana" in China and "Infiniti M" in the United States. In addition, existing product lineups such as "Altima," "Murano," "X-Trail" and "Infiniti G35" also contributed to the Group's sales growth significantly.

Sales by geographic segment are summarized as follows:

Japan

The number of Nissan automobiles (including light passenger vehicles) sold in Japan increased to 421 thousand units, an increase of 14.5% comparing with that of the same period of the prior year while the automobile market demand in Japan increased by 3.5%. Nissan's domestic market share for automobiles (including light vehicles) for the six months ended September 30, 2005 came in at 15.0%, posting an increase of 1.4% from the same period of the prior year.

New models such as "Tiida" and the "Serena" are performing well in the market. Group's sales in the light vehicle segment increased by 37.0%, primarily due to the launch of "Otti."

The United States

The number of automobiles sold in the United States for the six months ended September 30, 2005 increased to a record high of 571 thousand units, an increase of 16.7% over unit sold for the same period of the prior year. The Company's market share grew to 6.1%, an improvement of 0.7%.

Net sales have expanded in both the Nissan and Infinity channels. The number of vehicles sold in the United States through the Nissan channel increased by 17.8% over the corresponding figure for the prior year largely due to an increase in sales units of “Altima,” “Sentra” and newly introduced “Pathfinder.” The number of cars sold in the United States through the Infinity channel is continuing to grow, rising 9.7% from the corresponding figure for the prior year, which is the highest on record for this channel.

Europe

The number of automobiles sold in Europe for the six months ended June 30, 2005 totaled 287 thousand units, an increase of 0.8% over that of the same period of the prior year.

Nissan’s 4x4s, particularly “Pathfinder” and newly introduced “Murano” were significant and steady contributors to the sales growth.

Other Foreign Countries

The number of automobiles sold in other foreign countries including Mexico and Canada, for the current period rose to 555 thousand units for an increase of 22.4% over unit sold for the same period of the prior year. Especially in China, unit sales increased by 140 thousand units or 67% over that of the same period of the prior year primarily due to sales increases of newly introduced “Teana” and “Tiida.” In the Middle East, unit sales increased to 62 thousand units, which represent an increase of 40%, driven by the introduction of “Infiniti” product line. In Mexico, unit sales totaled 106 thousand units, up 0.5% from the same period in the prior year.

(2) Cash Flows

Cash and cash equivalents at September 30, 2005 decreased by ¥95.1 billion, or 27.2%, to ¥255.2 billion from the corresponding balance at September 30, 2004. This decrease is mainly attributable to an increase in cash flows used in investing activities and a slight decrease in cash flows provided by financing activities, offset by an increase in cash flows provided by operating activities which resulted mainly from a change in sales finance receivables.

*Cash Flows from Operating Activities*

Cash flows provided by operating activities for the six months ended September 30, 2005 increased by ¥53.1 billion, or 42.7%, to ¥177.3 billion from ¥124.2 billion for the same period of the prior year. This principally reflects the increase in cash inflows from the sales finance receivables from our sales finance subsidiaries which is partly offset by cash outflows related to the payments of unfunded obligations under the retirement benefit plans.

*Cash Flows from Investing Activities*

Cash flows used in investing activities for the six months ended September 30, 2005 increased by ¥162.9 billion, or 38.0%, to ¥591.2 billion compared with ¥428.3 billion for the same period of the prior year. This is primarily attributable to an increase in purchases of leased vehicles.

*Cash Flows from Financing Activities*

Cash flows provided by financing activities for the six months ended September 30, 2005 slightly decreased by ¥19.0 billion, or 4.8%, to ¥379.8 billion compared to cash outflows of ¥398.8 billion in financing activities for the same period of the previous year. This resulted mainly from a decrease in new borrowings offset by an increase in bonds and debenture associated with the payments of unfunded obligations under the retirement benefit plans.

2. Production, Orders Received and Sales

(1) Actual Production

| Location of manufacturers | Number of vehicles produced (units) | | Change (units) | Change (%) |
|---|---|---|---|---|
| | Prior first half year | Current first half year | | |
| Japan | 712,431 | 692,971 | (19,460) | (2.7) |
| The United States | 361,277 | 400,165 | 38,888 | 10.8 |
| Mexico | 151,120 | 177,081 | 25,961 | 17.2 |
| The United Kingdom | 172,185 | 165,928 | (6,257) | (3.6) |
| Spain | 68,861 | 97,380 | 28,519 | 41.4 |
| South Africa | 19,766 | 22,722 | 2,956 | 15.0 |
| Indonesia | 3,416 | 7,223 | 3,807 | 111.4 |
| Thailand | 18,152 | 21,189 | 3,037 | 16.7 |
| China | 57,703 | 102,694 | 44,991 | 78.0 |
| Total vehicles | 1,564,911 | 1,687,353 | 122,442 | 7.8 |

Notes: 1. The figures for the first half of the current year represent vehicles produced during the six months ended September 30, 2005 with respect to Japan and the United States. Those produced in the other seven countries represent production figures for the six months ended June 30, 2005.

2. The above numbers do not include forklift production data.

(2) Orders Received

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

(3) Actual Sales

| Sales to | Number of vehicles sold on a consolidated basis (units) | | Change (units) | Change (%) |
|---|---|---|---|---|
| | Prior first half year | Current first half year | | |
| Japan | 360,793 | 406,209 | 45,416 | 12.6 |
| North America | 634,775 | 645,920 | 11,145 | 1.8 |
| Europe | 284,012 | 302,997 | 18,985 | 6.7 |
| Other overseas countries | 332,281 | 383,982 | 51,701 | 15.6 |
| Total | 1,611,861 | 1,739,108 | 127,247 | 7.9 |

Notes: 1. The figures for the first half of the current year represent vehicles sold during the six months ended September 30, 2005 in Japan and North America (excluding Mexico). Those sold in Mexico, Europe and in the other overseas countries represent sales figures for the six months ended June 30, 2005.

2. The above numbers do not include forklift sales data.

3. Issues and Outlook for the Fiscal Year Ahead

   There have been no significant changes in issues or in our outlook during the six months ended September 30, 2005.

4. Important Business Contracts

   No important new business contracts were entered into during the six months ended September 30, 2005.

5. Research and Development Activities

   The Nissan Group has been conducting research and development activities to provide vehicles which meet the expectation of our customers and to create leading technologies to protect the global environment and to improve the safety.

   Research and development costs incurred by the Nissan Group amounted to ¥203.4 billion for the six months ended September 30, 2005.

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

   The Group's domestic research and development organization includes the Nissan Technical Center (Atsugi-shi, Kanagawa) which takes a leading role in planning, designing and developing new products, the Nissan Research Center (Yokosuka-shi, Kanagawa) which conducts fundamental and application research activities, and several proving grounds in Hokkaido, Tochigi and Oppama. At the proving ground in Hokkaido, the construction of a high-speed circuit has been started for testing performance under various road surface conditions at high speed and super-speed and for researching driver's behaviors when using the ITS and operational support systems. Additionally, the Company purchased a vacant lot on Aoyama Gakuin University's Atsugi Campus near the Technical Center in Atsugi-shi in March 2003. The operations in the facility began in January 2004, and the Company has started the construction of the Nissan Advanced Technology Center (NATC) on this site, which is expected to be a key base for the development of future products. The Company has begun operations at its newly constructed Nissan Advanced Crash Laboratory (NACL) located in Oppama area for the purpose of improving safety performance in vehicle-to-vehicle crashes and occupant protection performance in rollover accidents.

   Major domestic subsidiaries and affiliates also conduct research and development activities: Nissan Shatai Co., Ltd., Nissan Diesel Motor Co., Ltd. and Nissan Light Truck Co., Ltd. are in charge of the development of certain models of passenger cars and commercial vehicles, and Nissan Diesel Motor Co., Ltd., Aichi Machine Industry Co., Ltd., Nissan Kohki Co., Ltd. and JATCO Co., Ltd. are in charge of the development of certain engines and transmission trains.

   The research and development activities conducted in Japan during the six months ended September 30, 2005 resulted in the launch of the "Otti" and the "Fuga 4.5L V8," full model change of the "Serena," and minor enhancements to the "Fair Lady Z" and the "March."

   The Group companies have attempted to share parts and to decrease the number of parts used in order to reduce manufacturing costs. In addition, they have developed many new products and systems.

The Nissan Group operates the Nissan Technical Center North America, Inc., which plans and designs vehicles, and Nissan Design America, Inc., which designs vehicles. They are jointly developing the “Altima,” the “Sentra,” the “Frontier” (called the “Datsun” in Japan), the “Xterra,” the “Pathfinder,” the “Maxima,” the “Titan,” the “Pathfinder Armada,” the “Quest” and the “Infinity QX 56.”

In Europe, the Nissan Technical Center Europe Ltd., which has its operations in the United Kingdom and Belgium, and Nissan Motor Iberica, S.A. in Spain are developing a variety of models for Europe such as the “Primera,” the “Almera,” the “Almera Tino,” the “Micra” (called the “March” in Japan), the “Pathfinder,” the “Navara” and the “Terrano,” a small four-wheel-drive vehicle. Nissan Design Europe Ltd. in the United Kingdom was established for the purpose of planning and designing vehicles to strengthen the Group’s design capabilities.

In Asia, Dongfeng Motor Co., Ltd., a joint venture with Dongfeng Motor Co., Ltd., is developing locally the “Teana,” the “Bluebird,” the “Sunny” and “Tiida” in China. In addition, Yulon Nissan Motor Co., Ltd., a joint venture with Yulon Motor Co., Ltd. is developing locally the “Teana,” the “Serena,” the “X-TRAIL,” the “Sentra” and the “March” in Taiwan.

In addition, Nissan and Renault, partners in the Business Alliance since 1999, are proceeding jointly to unify their platforms and power trains and to develop advanced technologies and research technologies so that both companies can dramatically improve their research and development potential.

The Nissan Group has continued to make a comprehensive effort to protect the global environment by launching clean-energy vehicles and by developing environmentally-friendly technologies to reduce carbon dioxide, to clean the exhaust fumes emitted by vehicles and to recycle resources.

The Nissan Group has made progress in achieving the goal of applying the “75% reduction from the level of the 2005 exhaust emission standards (SU-LEV)” to 80% of the gasoline-powered vehicles sold in the domestic market by March 2006. The Nissan Group also has developed two new engines, the “HR Engine” and the “MR Engine,” both 4-cylinder units which demonstrate excellent fuel economy combined with improved acceleration. These engines and the “XTRONIC CVT,” a belt CVT, are now loaded to “Cube,” “Cube Cubic,” “March,” and “Serena.” As of September 2005, the density level of volatile organic compounds (VOCs) within car compartment of “Cube,” “Cube Cubic,” “March” and “Serena” is lower than the guidelines for the 13 compounds determined by the Ministry of Health, Labor and Welfare, which demonstrates the fact that the Company is proactively promoting clean environment. The Company, in collaboration with Stanford University and Physical Science Inc. (PSI), has developed the technology to measure in-cylinder gas temperature and composition in real-time during engine operation for the first time in the world.

The Company unveiled “Pivo,” its imaginative electric car concept. “Pivo” is powered by Nissan’s high performance “Compact Lithium-ion Battery,” its unique “Super Motor” and “By Wire Technology,” which operates the transmission system for steering and brake functions by electrical signals. In addition, “Pivo” comes with the advanced technologies which reduces blind spots and enhances the operationalities, such as “See Through-pillar,” “Around View Monitor” and “A Dash-mounted Infrared (IR) Commander.”

Regarding to the safety issues, the Group pursues to produce safe automobiles in order to achieve the goal of reducing the number of death roll and serious injuries to half by 2015 by analyzing on actual accidents occurred in the real world. Starting from fiscal year 2004, with the perspective of reducing number of traffic accidents, the Group has promoted “Safety Shields” with keywords of “Vehicles protect passengers,” more sophisticated and positive approach for the safety issues. This approach is to prevent to go further stage by functioning the most appropriate barriers for risk factors in each of six stage, which are classified in the analysis of the process of an accident from the condition without any risk of accident to the after-impact point.

The Company announced to start “”SKY PROJECT” with NTT DoCoMo, Inc. Matsushita Electric Industrial Co., Ltd, and Xanavi Informatics Corporation in Kanagawa Prefecture. The project is designed to reduce encountering accidents at intersections and to alleviate traffic jam by Intelligent Transport System (ITS).

As to information technology, the Company expanded types of vehicles with advance information system. For example, Serena came with “The fastest route search” that provides the fastest routes to destination based on past statistics traffic information and real time VICS information from telematics service named “CARWINGS” and with services provided by Bluetooth@ that enables hands-free talking and CARWINGS service without connecting mobile phones to telecommunication cable.

As a result of these efforts in technological development, the Company has received high appraisal, which can be demonstrated by the following awards; 55$^{th}$ Automobile Technology Awards for both “Development of an Adaptive Cruise Control (ACC) with low-speed following capability” and “Development of a new flame propagation model for Spark Ignition Engines” and Performance Awards from METI (Ministry of Economy, Trade and Industry) for “Development of a world first Belt CVT with high torque capacity for 3.5 Liter Front-Wheel-Drive Cars.” In foreign countries, “Lane Departure Warning System” received “2005 Best of ITS Awards” of ITS America and a study of Air-Fuel Mixture Formation in Direct-Injection SI Engines received “2004 SAE Harry L. Horning Memorial Award” of SAE.

The Nissan 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.

## III. Property, Plant and Equipment

1. Property, Plant and Equipment

No changes were made to the significant items of property, plant and equipment of the Group (the Company and its consolidated subsidiaries) during the six months ended September 30, 2005.

2. Plans for New Additions or Disposal

During the six months ended September 30, 2005, no changes were made to the plans as of March 31, 2005 for new additions or disposal of major property, plant and equipment of the Group (the Company and its consolidated subsidiaries).

## IV. Corporate Information

1. Information on the Company's Shares

(1) Number of Shares and Other

① Number of Shares

| Type of stock | Number of authorized shares |
|---|---|
| Common stock | 6,000,000,000 |

② Number of Shares in Issue

| Type of stock | Number of shares in issue | | Stock exchanges on which the Company is listed | Description of shares |
|---|---|---|---|---|
| | As of September 30, 2005 | As of November 30, 2005 (filing date of the securities report) | | |
| Common stock | 4,520,715,112 | 4,520,715,112 | First section of the Tokyo Stock Exchange | – |

Note: The number of shares of common stock in issue as of the filing date does not include those issued upon the exercise of stock subscription rights (including the exercise of warrants) for the period from November 1, 2005 through the filing date of this report.

(2) Status of Stock Subscription Rights

The Company has issued bonds with stock purchase warrants based on Article 341-8 of the Commercial Code of Japan before amendments. The details of these stock purchase warrants are as follows:

Euro-Yen Bonds with Stock Purchase Warrants Due 2006 (Issued on March 27, 2000)

| | As of the first half year end (September 30, 2005) | As of the end of the most recent month before the filing of the securities report (October 31, 2005) |
|---|---|---|
| Balance of stock purchase warrants (Millions of yen) | ¥ 4,933 | ¥ 4,933 |
| Exercise price (Yen) | ¥ 429 | ¥ 429 |
| Amount per share to be credited to the common stock account (Yen) | ¥214.50 | ¥214.50 |

Euro-Yen Bonds with Stock Purchase Warrants Due 2007 (Issued on March 8, 2001)

| | As of the first half year end (September 30, 2005) | As of the end of the most recent month before the filing of the securities report (October 31, 2005) |
|---|---|---|
| Balance of stock purchase warrants (Millions of yen) | ¥16,351 | ¥16,351 |
| Exercise price (Yen) | ¥ 764 | ¥ 764 |
| Amount per share to be credited to the common stock account (Yen) | ¥ 382 | ¥ 382 |

Euro-Yen Bonds with Stock Purchase Warrants Due 2008 (Issued on March 14, 2002)

| | As of the first half year end (September 30, 2005) | As of the end of the most recent month before the filing of the securities report (October 31, 2005) |
|---|---|---|
| Balance of stock purchase warrants (Millions of yen) | ¥47,632 | ¥47,632 |
| Exercise price (Yen) | ¥ 880 | ¥ 880 |
| Amount per share to be credited to the common stock account (Yen) | ¥ 440 | ¥ 440 |

In addition to the above stock purchase warrants, the Company has issued stock subscription rights based on Articles 280-20 and 280-21 of the Commercial Code of Japan.

1st Stock Subscription Rights (Issued at May 7, 2003)

| | As of the first fiscal year end (September 30, 2005) | As of the end of the most recent month before the filing of the securities report (October 31, 2005) |
|---|---|---|
| Number of stock subscription rights | 120,138 units | 120,138 units |
| Nature of shares | Shares of common stock | Shares of common stock |
| Number of shares | 12,013,800 shares | 12,013,800 shares |
| Exercise price | ¥93,200 (¥932 per share) | ¥93,200 (¥932 per share) |
| Period of exercise | From May 8, 2005 to May 8, 2010 | From May 8, 2005 to May 8, 2010 |
| Issuance price of shares and amount to be credited to common stock account | Issuance price: ¥932<br>Amount to be credited to common stock account: ¥466 | Issuance price: ¥932<br>Amount to be credited to common stock account: ¥466 |
| Conditions of exercise | * | * |
| Transfer of stock subscription rights | Approval of the Company's Board of Directors is required. | Approval of the Company's Board of Directors is required. |

* 1. Those to whom stock subscription rights are granted must remain employees or directors of the Company, subsidiaries or affiliates until the beginning of the exercise period.

2. The Company must achieve its targeted results.

3. Each individual must achieve his (or her) targets.

Full details concerning the three conditions above and certain other conditions are more fully defined in the "Stock Subscription Rights Allocation Agreement" concluded between the Company and each individual granted.

2nd Stock Subscription Rights (Issued at April 16, 2004)

| | As of the first fiscal year end<br><br>(September 30, 2005) | As of the end of<br>the most recent month before<br>the filing of the securities report<br>(October 31, 2005) |
|---|---|---|
| Number of stock subscription rights | 127,700 units | 127,700 units |
| Nature of shares | Shares of common stock | Shares of common stock |
| Number of shares | 12,770,000 shares | 12,770,000 shares |
| Exercise price | ¥120,200 (¥1,202 per share) | ¥120,200 (¥1,202 per share) |
| Period of exercise | From April 17, 2006 to June 19, 2013 | From April 17, 2006 to June 19, 2013 |
| Issuance price of shares and amount to be credited to common stock account | Issuance price: ¥1,202<br>Amount to be credited to common stock account: ¥601 | Issuance price: ¥1,202<br>Amount to be credited to common stock account: ¥601 |
| Conditions of exercise | * | * |
| Transfer of stock subscription rights | Approval of the Company's Board of Directors is required. | Approval of the Company's Board of Directors is required. |

* 1. Exercise of portion of each stock subscription right is not admitted.

2. Those to whom stock subscription rights are granted must remain employees or directors of the Company, subsidiaries or affiliates until the beginning of the exercise period.

3. The Company must achieve its targeted results.

4. Each individual must achieve his (or her) targets.

Full details concerning conditions 2 through 4 stated above and certain other conditions are more fully defined in the "Stock Subscription Rights Allocation Agreement" concluded between the Company and each individual granted.

3rd Stock Subscription Rights (Issued at April 25, 2005)

| | As of the first fiscal year end<br><br>(September 30, 2005) | As of the end of<br>the most recent month before<br>the filing of the securities report<br>(October 31, 2005) |
|---|---|---|
| Number of stock subscription rights | 131,500 units | 131,500 units |
| Nature of shares | Shares of common stock | Shares of common stock |
| Number of shares | 13,150,000 shares | 13,150,000 shares |
| Exercise price | ¥111,900 (¥1,119 per share) | ¥111,900 (¥1,119 per share) |
| Period of exercise | From April 26, 2007 to June 23, 2014 | From April 26, 2007 to June 23, 2014 |
| Issuance price of shares and amount to be credited to common stock account | Issuance price: ¥1,119<br>Amount to be credited to common stock account: ¥ 560 | Issuance price: ¥1,119<br>Amount to be credited to common stock account: ¥ 560 |
| Conditions of exercise | * | * |
| Transfer of stock subscription rights | Approval of the Company's Board of Directors is required. | Approval of the Company's Board of Directors is required. |

* 1. Exercise of portion of each stock subscription right is not admitted.

2. Those to whom stock subscription rights are granted must remain employees or directors of the Company, subsidiaries or affiliates until the beginning of the exercise period.

3. The Company must achieve its targeted results.

4. Each individual must achieve his (or her) targets.

Full details concerning conditions 2 through 4 stated above and certain other conditions are more fully defined in the "Stock Subscription Rights Allocation Agreement" concluded between the Company and each individual granted.

## (3) Changes in Number of Shares in Issue and Amount of Paid-in Capital

| Periods | Changes in the number of shares in issue (Thousands) | Balance of shares in issue (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, 2005 to September 30, 2005 | – | 4,520,715 | – | ¥605,813 | – | ¥804,470 |

## (4) Principal Shareholders

(As of September 30, 2004)

| Shareholders | Addresses | Number of shares held (Thousands) | Number of shares held as a percentage of shares issued (%) |
|---|---|---|---|
| Renault (Standing agent: Bank of Tokyo-Mitsubishi) | 13-15 Quai Le Gorot, 92100 Boulogne Billancourt, Paris, France (2-7-1 Marunouchi, Chiyoda-ku, Tokyo) | 2,004,000 | 44.33 |
| Japan Trustee Services Bank Ltd. (Trust account) | 1-8-11 Harumi Chuo-ku, Tokyo | 203,391 | 4.50 |
| The Master Trust Bank of Japan Ltd. (Trust account) | 2-11-3 Hamamatsucho, Minato-ku, Tokyo | 175,523 | 3.88 |
| The Dai-ichi Mutual Life Insurance Company (Standing agent: Trust & Custody Service Bank, Ltd. ) | 1-13-1 Yurakucho, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 1-8-12 Harumi, Chuo-ku, Tokyo) | 89,000 | 1.97 |
| Nippon Life Insurance Company | 1-6-6 Marunouchi, Chiyoda-ku, Tokyo | 88,000 | 1.95 |
| Tokyo Marine & Nichido Fire Insurance Co., Ltd. | 1-2-1 Marunouchi, Chiyoda-ku, Tokyo | 70,076 | 1.55 |
| Sompo Japan Insurance Inc. | 1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo | 63,528 | 1.41 |
| Moxley & Co. (Standing agent: Sumitomo Mitsui Bank) | 270 Park Avenue, New York, NY10017-2070 U.S.A. (1-3-2 Marunouchi, Chiyoda-ku, Tokyo) | 53,187 | 1.18 |
| BNP PARIBAS Securities (Japan) Limited (Standing agent: BNP PARIBAS Securities) | 1-7-2 Otemachi, Chiyoda-ku, Tokyo Tokyo Sankei Building | 43,216 | 0.96 |
| State Street Bank and Trust Company 505103 (Standing agent: Mizuho Corporate Bank) | P.O. Box 351, Boston, MA 02101 U.S.A. (6-7 Nihonbashi-Kabutocho, Chuo-ku, Tokyo) | 33,418 | 0.74 |
| Total | | 2,823,341 | 62.45 |

Notes: 1. The number of shares shown above is in thousand. Fractional figures under 1000 have been omitted.

2. The Company holds 149,755 thousand shares as treasury stocks. The number of shares of treasury stock is the number on the shareholders' list and includes one thousand shares which are not actually owned by Nissan but are titled to Nissan.

## (5) Status of Voting Rights

### ① Shares in Issue

(As of September 30, 2005)

| Classification | Number of shares (Even) | Number of voting rights (Even) | Description |
|---|---|---|---|
| Shares with full voting rights (Treasury stock, etc.) | (Treasury stock) Common stock 149,755,000 | – | – |
| | (Crossholding stock) Common stock 257,200 | – | – |
| Shares with full voting rights (Other) | Common stock 4,369,773,200 | 43,697,732 | – |
| Shares under one unit | Common stock 929,712 | – | – |
| Total shares issued | 4,520,715,112 | – | – |
| Total voting rights | – | 43,697,732 | – |

Notes: 1. Included in "Shares with full voting rights (Others)" are 29,800 shares (298 voting rights) held under the names of custodians and 1,000 shares (10 voting rights) held under the name of Nissan, but effectively held by others.

2. Shares under one unit include 57 shares of treasury stock and 129 shares of crossholding stock.

Crossholding Stock under One Unit

(As of September 30, 2005)

| Name of Shareholders | Number of shares |
|---|---|
| Toyama Nissan Motor Co., Ltd. | 99 |
| Kai Nissan Motor Co., Ltd. | 30 |
| Total | 129 |

② Treasury Stock, etc.

(As of September 30, 2005)

| Name of Shareholders | Addresses | Number of shares held under own name | Number of shares held under the names of others | Total | % of interest |
|---|---|---|---|---|---|
| (Treasury stock) | | | | | |
| Nissan Motor Co., Ltd. | 2 Takaracho, Kanagawa-ku, Yokohama-shi, Kanagawa | 149,755,000 | – | 149,755,000 | 3.31 |
| (Crossholding stock) | | | | | |
| Yokoki Manufacturing Co., Ltd. | 555 Imai-cho, Hodogaya-ku, Yokohama-shi, Kanagawa | 200 | 90,900 | 91,100 | 0.00 |
| Kochi Nissan Prince Motor Sales Co., Ltd. | 2-21 Asahi-cho, Kochi-shi, Kochi | 28,600 | 53,300 | 81,900 | 0.00 |
| Kai Nissan Motor Co., Ltd. | 706 Kamiimai-cho, Kofu-shi, Yamanashi | 37,800 | 25,300 | 63,100 | 0.00 |
| Nissan Prince Kagawa Sales Co., Ltd. | 1289 Inagi-cho, Zentsuji-shi, Kagawa | – | 10,900 | 10,900 | 0.00 |
| Toyama Nissan Motor Co., Ltd. | 11-46 Nishi-Shinjo, Toyama-shi, Toyama | 5,100 | – | 5,100 | 0.00 |
| Kagawa Nissan Motor Co., Ltd. | 1-1-8 Hanazono-cho, Takamatsu-shi, Kagawa | 4,800 | – | 4,800 | 0.00 |
| Total | | 149,831,500 | 180,700 | 150,012,200 | 3.32 |

Notes: 1. The number of shares included in "Number of shares held under the names of others" represent those held by Nissan's crossholding share association (address: 6-17-1 Ginza, Chuo-ku, Tokyo). (Fractional figures under 100 have been omitted.)

2. The number of the Company's shares based on the shareholders' register includes 1,000 shares (10 voting rights) which the Company does not effectively own. These shares are presented as "Shares with full voting rights (Other)" in the table entitled " Shares in Issue."

## 2. Changes in the Market Prices of the Company's Shares

The highest and lowest prices for each month during the six months ended September 30, 2005 were as follows:

| Month | April 2005 | May | June | July | August | September |
|---|---|---|---|---|---|---|
| Highest (Yen) | ¥1,144 | ¥1,092 | ¥1,113 | ¥1,176 | ¥1,190 | ¥1,320 |
| Lowest (Yen) | ¥1,025 | ¥1,030 | ¥1,051 | ¥1,097 | ¥1,136 | ¥1,150 |

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

## 3. Members of the Board of Directors and Corporate Auditors

There have been no changes in the members of the Board of Directors or in the corporate auditors during the period from the filing date of the securities report for the prior fiscal year to the filing date of this report.

## V. Financial Information

1. Basis of Preparation

(1) The accompanying semiannual consolidated financial statements of the Company have been prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Semiannual Consolidated Financial Statements” (“Regulations for Semiannual Consolidated Financial Statements”) (Ministry of Finance Ordinance No. 24, 1999).

The semiannual consolidated financial statements for the six months ended September 30, 2004 have been prepared in accordance with “Regulation for Semiannual Consolidated Financial Statements” before the amendment, as permitted by a provision in the additional third clause of Cabinet Office Ordinance amending part of the “Regulations for Semiannual Consolidated Financial Statements” (Cabinet Office Ordinance No. 5, January 30, 2004).

(2) The accompanying semiannual non-consolidated financial statements of the Company have been prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Semiannual Non-Consolidated Financial Statements” (“Regulations for Semiannual Non-Consolidated Financial Statements”) (Ministry of Finance Ordinance No. 38, 1977).

The semiannual non-consolidated financial statements for the six months ended September 30, 2004 have been prepared in accordance with “Regulation for Semiannual Non-Consolidated Financial Statements” before the amendment, as permitted by a provision in the additional third clause of Cabinet Office Ordinance amending part of the “Regulations for Semiannual Non-Consolidated Financial Statements” (Cabinet Office Ordinance No. 5, January 30, 2004).

2. Audit Reports

Pursuant to Article 193-2 of “The Securities and Exchange Law,” the semiannual consolidated financial statements for the prior period (from April 1, 2004 to September 30, 2004) and the semiannual consolidated financial statements for the current period (from April 1, 2005 to September 30, 2005) have been audited by Ernst & Young ShinNihon.

Semiannual Consolidated Financial Statements

## (1) Semiannual Consolidated Financial Statements

### ① Consolidated Balance Sheets

| Accounts | Notes | As of September 30, 2004 Amounts (Millions of yen) | | Ratio (%) | As of September 30, 2005 Amounts (Millions of yen) | | Ratio (%) | As of March 31, 2005 Amounts (Millions of yen) | | Ratio (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| I Current assets | | | | | | | | | | |
| 1. Cash on hand and in banks | *3 | | 360,340 | | | 265,452 | | | 300,274 | |
| 2. Trade notes and accounts receivable | *3 | | 466,593 | | | 575,562 | | | 538,029 | |
| 3. Sales finance receivables | *3 | | 2,610,794 | | | 3,211,048 | | | 3,026,788 | |
| 4. Marketable securities | | | 17,481 | | | 22,081 | | | 13,426 | |
| 5. Inventories | | | 702,380 | | | 853,567 | | | 708,062 | |
| 6. Deferred tax assets | | | 262,306 | | | 302,667 | | | 291,210 | |
| 7. Other current assets | | | 388,902 | | | 429,331 | | | 336,877 | |
| 8. Allowance for doubtful receivables | | | (71,102) | | | (87,030) | | | (75,272) | |
| Total current assets | | | 4,737,694 | 52.0 | | 5,572,678 | 52.6 | | 5,139,394 | 52.2 |
| II Fixed assets | | | | | | | | | | |
| 1. Property, plant and equipment | *1, *3 | | | | | | | | | |
| (1) Buildings and structures | | 610,217 | | | 655,546 | | | 649,819 | | |
| (2) Machinery, equipment and vehicles | *2 | 1,592,040 | | | 2,106,609 | | | 1,783,203 | | |
| (3) Land | | 763,855 | | | 746,382 | | | 781,693 | | |
| (4) Other | | 534,341 | 3,500,453 | | 582,716 | 4,091,253 | | 582,232 | 3,796,947 | |
| 2. Intangible fixed assets | | | 163,517 | | | 174,016 | | | 178,160 | |
| 3. Investments and other assets | | | | | | | | | | |
| (1) Investment securities | | 305,884 | | | 358,229 | | | 361,921 | | |
| (2) Long-term loans receivable | | 18,100 | | | 19,658 | | | 20,248 | | |
| (3) Deferred tax assets | | 173,835 | | | 153,547 | | | 125,081 | | |
| (4) Other assets | *3 | 230,917 | | | 233,480 | | | 232,293 | | |
| (5) Allowance for doubtful receivables | | (16,182) | 712,554 | | (3,565) | 761,349 | | (6,572) | 732,971 | |
| Total fixed assets | | | 4,376,524 | 48.0 | | 5,026,618 | 47.4 | | 4,708,078 | 47.8 |
| III Deferred charges | | | | | | | | | | |
| Discounts on bonds | | | 1,322 | | | 779 | | | 1,051 | |
| Total deferred charges | | | 1,322 | 0.0 | | 779 | 0.0 | | 1,051 | 0.0 |
| Total assets | | | 9,115,540 | 100.0 | | 10,600,075 | 100.0 | | 9,848,523 | 100.0 |

| Accounts | Notes | As of September 30, 2004 Amounts (Millions of yen) | Ratio (%) | As of September 30, 2005 Amounts (Millions of yen) | Ratio (%) | As of March 31, 2005 Amounts (Millions of yen) | Ratio (%) |
|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | |
| I Current liabilities | | | | | | | |
| 1. Trade notes and accounts payable | | 920,309 | | 963,671 | | 939,786 | |
| 2. Short-term borrowings and import bills payable | *3 | 1,013,950 | | – | | – | |
| 3. Short-term borrowings | *3 | – | | 1,394,685 | | 1,089,073 | |
| 4. Current portion of long-term borrowings | *3 | 644,799 | | 672,098 | | 636,531 | |
| 5. Current portion of bonds and debentures | | 291,324 | | 207,078 | | 200,014 | |
| 6. Deferred tax liabilities | | 2,318 | | 3,131 | | 2,401 | |
| 7. Accrual for warranty costs | | 48,181 | | 71,329 | | 61,762 | |
| 8. Lease obligations | | 50,438 | | 61,160 | | 58,332 | |
| 9. Other current liabilities | | 886,594 | | 1,030,742 | | 986,815 | |
| Total current liabilities | | 3,857,913 | 42.3 | 4,403,894 | 41.5 | 3,974,714 | 40.4 |
| II Long-term liabilities | | | | | | | |
| 1. Bonds and debentures | | 409,939 | | 612,434 | | 493,125 | |
| 2. Long-term borrowings | *3 | 1,238,334 | | 1,524,522 | | 1,373,504 | |
| 3. Deferred tax liabilities | | 380,169 | | 462,563 | | 438,942 | |
| 4. Accrual for warranty costs | | 113,996 | | 123,582 | | 122,990 | |
| 5. Accrued retirement benefits | | 460,350 | | 282,249 | | 508,203 | |
| 6. Lease obligations | | 91,735 | | 78,134 | | 96,544 | |
| 7. Other long-term liabilities | | 142,297 | | 125,542 | | 118,050 | |
| Total long-term liabilities | | 2,836,820 | 31.1 | 3,209,026 | 30.3 | 3,151,358 | 32.0 |
| Total liabilities | | 6,694,733 | 73.4 | 7,612,920 | 71.8 | 7,126,072 | 72.4 |
| **Minority interests** | | | | | | | |
| Minority interests | | 164,065 | 1.8 | 274,268 | 2.6 | 256,701 | 2.6 |
| **Shareholders' equity** | | | | | | | |
| I Common stock | | 605,814 | 6.6 | 605,814 | 5.7 | 605,814 | 6.1 |
| II Capital surplus | | 804,470 | 8.8 | 804,470 | 7.6 | 804,470 | 8.2 |
| III Retained earnings | *4 | 1,485,196 | 16.3 | 1,884,661 | 17.8 | 1,715,099 | 17.4 |
| IV Unrealized holding gain on securities | | 5,501 | 0.1 | 9,255 | 0.1 | 7,355 | 0.1 |
| V Translation adjustments | | (396,615) | (4.3) | (315,843) | (3.0) | (400,099) | (4.1) |
| VI Treasury stock | | (247,624) | (2.7) | (275,470) | (2.6) | (266,889) | (2.7) |
| Total shareholders' equity | | 2,256,742 | 24.8 | 2,712,887 | 25.6 | 2,465,750 | 25.0 |
| Total liabilities, minority interests and shareholders' equity | | 9,115,540 | 100.0 | 10,600,075 | 100.0 | 9,848,523 | 100.0 |

## ② Consolidated Statements of Income

| Accounts | Notes | For the six months ended September 30, 2004 | | | For the six months ended September 30, 2005 | | | For the year ended March 31, 2005 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) |
| I Net sales | | | 4,007,942 | 100.0 | | 4,490,975 | 100.0 | | 8,576,277 | 100.0 |
| II Cost of sales | | | 2,951,746 | 73.6 | | 3,355,763 | 74.7 | | 6,351,269 | 74.1 |
| Gross profit | | | 1,056,196 | 26.4 | | 1,135,212 | 25.3 | | 2,225,008 | 25.9 |
| III Selling, general and administrative expenses | | | | | | | | | | |
| 1. Advertising expenses | | 119,887 | | | 120,290 | | | 233,144 | | |
| 2. Provision for accrual for warranty costs | | 38,329 | | | 45,925 | | | 84,308 | | |
| 3. Other selling expenses | | 148,897 | | | 171,592 | | | 310,813 | | |
| 4. Salaries and wages | | 175,567 | | | 178,213 | | | 361,574 | | |
| 5. Retirement benefit expenses | | 19,457 | | | 12,600 | | | 37,559 | | |
| 6. Provision for doubtful receivables | | 10,252 | | | 19,627 | | | 21,588 | | |
| 7. Other | | 140,370 | 652,759 | 16.3 | 175,427 | 723,674 | 16.1 | 314,862 | 1,363,848 | 15.9 |
| Operating income | | | 403,437 | 10.1 | | 411,538 | 9.2 | | 861,160 | 10.0 |
| IV Non-operating income | | | | | | | | | | |
| 1. Interest and dividend income | | 7,294 | | | 12,070 | | | 16,274 | | |
| 2. Equity in earnings of affiliates | | 15,161 | | | 16,667 | | | 36,790 | | |
| 3. Exchange gain | | 928 | | | – | | | 801 | | |
| 4. Miscellaneous income | | 9,041 | 32,424 | 0.8 | 8,166 | 36,903 | 0.8 | 18,084 | 71,949 | 0.9 |
| V Non-operating expenses | | | | | | | | | | |
| 1. Interest expense | | 13,260 | | | 12,752 | | | 26,656 | | |
| 2. Amortization of net retirement benefit obligation at transition | | 5,888 | | | 5,669 | | | 11,795 | | |
| 3. Loss on the net monetary position due to restatement | | 3,065 | | | 1,644 | | | 9,778 | | |
| 4. Exchange loss | | – | | | 23,209 | | | – | | |
| 5. Miscellaneous expenses | | 12,291 | 34,504 | 0.9 | 9,528 | 52,802 | 1.2 | 29,180 | 77,409 | 0.9 |
| Ordinary income | | | 401,357 | 10.0 | | 395,639 | 8.8 | | 855,700 | 10.0 |
| VI Special gains | | | | | | | | | | |
| 1. Gain on sales of fixed assets | *1 | 4,712 | | | 4,866 | | | 27,806 | | |
| 2. Gain on sales of investment securities | | 7,724 | | | 14,333 | | | 8,403 | | |
| 3. Gain on implementation of defined contribution pension plan | | – | | | 3,283 | | | – | | |
| 4. Other | | 2,351 | 14,787 | 0.4 | 3,480 | 25,962 | 0.6 | 6,889 | 43,098 | 0.5 |

| Accounts | Notes | For the six months ended September 30, 2004 | | | For the six months ended September 30, 2005 | | | For the year ended March 31, 2005 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) |
| VII Special losses | | | | | | | | | | |
| 1. Loss on disposal of fixed assets | | 8,465 | | | 10,575 | | | 20,115 | | |
| 2. Prior-period adjustments | *2 | 13,150 | | | 589 | | | 29,655 | | |
| 3. Loss on lump-sum payment due to withdrawal from the welfare pension fund | | 6,337 | | | – | | | 6,337 | | |
| 4. Loss on business restructuring of consolidated subsidiaries | | 5,542 | | | – | | | 8,752 | | |
| 5. Impairment loss | *3 | – | | | 23,058 | | | – | | |
| 6. Loss on implementation of defined contribution pension plan | | – | | | 6,852 | | | – | | |
| 7. Other | | 12,170 | 45,664 | 1.1 | 13,086 | 54,160 | 1.2 | 40,706 | 105,565 | 1.3 |
| Income before income taxes and minority interests | | | 370,480 | 9.3 | | 367,441 | 8.2 | | 793,233 | 9.2 |
| Corporate, inhabitants' and enterprise taxes | | 145,829 | | | 145,762 | | | 179,226 | | |
| Income taxes – deferred | | (25,142) | 120,687 | 3.0 | (28,596) | 117,166 | 2.6 | 78,837 | 258,063 | 3.0 |
| Income attributable to minority interests | | | 10,985 | 0.3 | | 19,573 | 0.5 | | 22,889 | 0.2 |
| Net income | | | 238,808 | 6.0 | | 230,702 | 5.1 | | 512,281 | 6.0 |

## ③ Consolidated Statements of Capital Surplus and Retained Earnings

| Accounts | Notes | For the six months ended September 30, 2004 Amounts (Millions of yen) | | For the six months ended September 30, 2005 Amounts (Millions of yen) | | For the year ended March 31, 2005 Amounts (Millions of yen) | |
|---|---|---|---|---|---|---|---|
| Capital surplus | | | | | | | |
| I Capital surplus at beginning of the period | | | 804,470 | | 804,470 | | 804,470 |
| II Capital surplus at end of the period | | | 804,470 | | 804,470 | | 804,470 |
| Retained earnings | | | | | | | |
| I Retained earnings at beginning of the period | | | 1,286,299 | | 1,715,099 | | 1,286,299 |
| II Increase in retained earnings | | | | | | | |
| 1. Net income | | 238,808 | | 230,702 | | 512,281 | |
| 2. Increase due to inclusion in consolidation | | 1,104 | | – | | 1,104 | |
| 3. Revaluation reserve resulting from adoption of price-level accounting by consolidated subsidiaries | | 3,592 | | 2,620 | | 12,942 | |
| 4. Increase due to unfunded retirement benefit obligation of foreign subsidiaries | | 2,948 | | – | | – | |
| 5. Increase due to land revaluation of subsidiaries | | – | 246,452 | – | 233,322 | 2,182 | 528,509 |
| III Decrease in retained earnings | | | | | | | |
| 1. Dividends | | 45,078 | | 48,947 | | 94,236 | |
| 2. Bonuses to directors and corporate auditors | | 404 | | 441 | | 404 | |
| 3. Loss on disposal of treasury stock | | 2,073 | | 4,985 | | 4,700 | |
| 4. Decrease due to a decrease in number of consolidated subsidiaries | | – | | 32 | | – | |
| 5. Decrease due to a decrease in number of affiliates accounted for by the equity method | | – | | 1,633 | | – | |
| 6. Decrease due to unfunded retirement benefit obligation of foreign subsidiaries | | – | | 863 | | 369 | |
| 7. Decrease due to revaluation of land of foreign subsidiaries | | – | | 855 | | – | |
| 8. Decrease due to adoption of IFRS by foreign affiliates | | – | 47,555 | 6,004 | 63,760 | – | 99,709 |
| IV Retained earnings at end of the period | | | 1,485,196 | | 1,884,661 | | 1,715,099 |

## ④ Consolidated Statements of Cash Flows

| Accounts | Notes | For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|---|---|
| | | Amounts (Millions of yen) | Amounts (Millions of yen) | Amounts (Millions of yen) |
| I Cash flows from operating activities | | | | |
| Income before income taxes and minority interests | | 370,480 | 367,441 | 793,233 |
| Depreciation and amortization | | 247,356 | 310,464 | 525,926 |
| Impairment loss | | – | 23,058 | – |
| Increase (decrease) in allowance for doubtful receivables | | (3,848) | 8,753 | (6,464) |
| Unrealized loss on investments | | 116 | – | 128 |
| Interest and dividend income | | (7,293) | (12,070) | (16,274) |
| Interest expense | | 33,450 | 48,184 | 73,220 |
| Gain on sales of property, plant and equipment | | (3,979) | (2,766) | (24,038) |
| Loss on disposal of property, plant and equipment | | 9,604 | – | 20,115 |
| Loss on disposal of fixed assets | | – | 10,575 | – |
| Gain on sales of investment securities | | (6,113) | (9,885) | (7,232) |
| (Increase) decrease in trade notes and accounts receivable | | 57,134 | (24,381) | 15,494 |
| Increase in sales finance receivables | | (306,883) | (47,333) | (794,349) |
| Increase in inventories | | (123,013) | (137,731) | (108,903) |
| (Decrease) increase in trade notes and accounts payable | | 20,097 | (21,184) | 152,213 |
| Amortization of net retirement benefit obligation at transition | | 5,888 | 5,669 | 11,795 |
| Retirement benefit expenses | | 29,848 | 30,195 | 65,103 |
| Retirement benefit payments made against related accrual | | (40,637) | (265,811) | (82,924) |
| Other | | 6,023 | 26,793 | (115) |
| Subtotal | | 288,230 | 309,971 | 616,928 |
| Interest and dividends received | | 7,496 | 11,876 | 16,098 |
| Interest paid | | (33,256) | (47,306) | (71,318) |
| Income taxes paid | | (138,223) | (97,271) | (192,293) |
| Net cash provided by operating activities | | 124,247 | 177,270 | 369,415 |
| II Cash flows from investing activities | | | | |
| Net increase in short-term investments | | (8,229) | (5,198) | (12,370) |
| Purchases of fixed assets | | (214,773) | (223,198) | (461,146) |
| Proceeds from sales of property, plant and equipment | | 18,847 | 25,794 | 71,256 |
| Acquisition of leased vehicles | | (274,535) | (501,671) | (590,605) |
| Proceeds from sales of leased vehicles | | 86,857 | 120,290 | 173,812 |
| Increase in long-term loans receivable | | (2,455) | (2,405) | (4,019) |
| Decrease in long-term loans receivable | | 2,175 | 935 | 4,860 |
| Purchases of investment securities | | (11,155) | (10,454) | (31,896) |
| Proceeds from sales of investment securities | | 1,674 | 17,992 | 3,098 |
| Acquisition of subsidiaries' stock resulting in change in scope of consolidation | | (1,292) | – | (1,292) |
| Proceeds from sales of subsidiaries' stock resulting in changes in scope of consolidation | | 7,712 | 3,784 | 7,697 |
| Additional acquisition of shares of consolidated subsidiaries | | – | – | (500) |
| Other | | (33,123) | (17,086) | (23,930) |
| Net cash used in investing activities | | (428,297) | (591,217) | (865,035) |

| Accounts | Notes | For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|---|---|
| | | Amounts (Millions of yen) | Amounts (Millions of yen) | Amounts (Millions of yen) |
| III Cash flows from financing activities | | | | |
| Net increase in short-term borrowings | | 615,965 | 286,610 | 666,191 |
| Increase in long-term borrowings | | 485,566 | 464,392 | 1,050,841 |
| Increase in bonds and debentures | | 30,000 | 277,386 | 140,663 |
| Repayment or redemption of long-term debt | | (649,149) | (545,515) | (1,145,534) |
| Proceeds from minority shareholders | | – | 1,250 | – |
| Purchases of treasury stock | | (7,873) | (22,176) | (33,366) |
| Proceeds from sales of treasury stock | | 3,245 | 7,818 | 6,816 |
| Repayment of lease obligations | | (33,816) | (39,711) | (69,244) |
| Cash dividends paid | | (45,078) | (48,947) | (94,236) |
| Cash dividends paid to minority shareholders | | – | (1,612) | – |
| Other | | (18) | 282 | (1,085) |
| Net cash provided by financing activities | | 398,842 | 379,777 | 521,046 |
| IV Effects of exchange rate changes on cash and cash equivalents | | 1,761 | (466) | 4,369 |
| V Increase (decrease) in cash and cash equivalents | | 96,553 | (34,636) | 29,795 |
| VI Cash and cash equivalents at beginning of the period | | 194,164 | 289,784 | 194,164 |
| VII Increase due to inclusion in consolidation | | 59,577 | 3 | 65,825 |
| VIII Cash and cash equivalents at end of the period | *1 | 350,294 | 255,151 | 289,784 |

## Significant Accounting Policies

<table>
<tr><th>For the six months ended<br>September 30, 2004</th><th>For the six months ended<br>September 30, 2005</th><th>For the year ended<br>March 31, 2005</th></tr>
<tr>
<td>1. Scope of Consolidation<br><br>(1) Number of consolidated companies 195<br><br>• Domestic companies 99<br><br>Sales companies for vehicles and parts:<br>Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 80 other sales companies<br><br>Manufacturing companies for vehicles and parts:<br>Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Co., Ltd., and 1 other company<br><br>Logistics and services companies:<br>Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 8 other companies<br><br>• Foreign companies 96<br><br>Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 92 other companies<br><br>The newly established NISSAN (CHINA) INVESTMENT CO., LTD. and 6 other companies have been consolidated. Nissan Light Truck Co., Ltd. and 2 other companies, which were subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance have increased. In addition, Siam Nissan Automobile Co., Ltd. and 3 other companies, which were unconsolidated affiliates accounted for by the equity method in the prior year, became consolidated subsidiaries due to the acquisition of their shares. Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective this interim period because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., LTD., a consolidated subsidiary. In accordance with local accounting standards, effective the six months ended September 30, 2004, Dongfeng Motor Co., Ltd. has been proportionately consolidated into NISSAN (CHINA) INVESTMENT CO., LTD. In addition, Nissan Canada Finance Inc. and 3 other companies have been eliminated following their mergers and Infiniti Motor Sales Inc. was liquidated. Shizuoka Nissan Motor Co., Ltd. has been excluded from consolidation following the sale of its shares.</td>
<td>1. Scope of Consolidation<br><br>(1) Number of consolidated companies 189<br><br>• Domestic companies 96<br><br>Sales companies for vehicles and parts:<br>Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 74 other sales companies<br><br>Manufacturing companies for vehicles and parts:<br>Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and other 4 companies<br><br>Logistics and services companies:<br>Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 7 other companies<br><br>• Foreign companies 93<br><br>Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 89 other companies<br><br>The newly established Nissan Motor Ukraine Ltd. and 5 other companies have been consolidated. Nissan Techno Co., Ltd., accounted for by the equity method in the prior year, has been consolidated since its importance has increased. In addition, Nissan Capital of America, Inc. and 10 other companies have been eliminated following their mergers and Nissan International Finance (Europe) Plc. has been liquidated. Nissan Prince Yamanashi Hanbai Co., Ltd. and 4 other companies have been excluded from consolidation following the sale of their shares. Nissan Buhin Chiba Hanbai Co., Ltd. has been excluded from consolidation since the Group’s voting rights have decreased following the sale of its shares.</td>
<td>1. Scope of Consolidation<br><br>(1) Number of consolidated companies 200<br><br>• Domestic companies 100<br><br>Sales companies for vehicles and parts:<br>Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 79 other sales companies<br><br>Manufacturing companies for vehicles and parts:<br>Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and other 4 companies<br><br>Logistics and services companies:<br>Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 6 other companies<br><br>• Foreign companies 100<br><br>Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 96 other companies<br><br>The newly established NISSAN (CHINA) INVESTMENT CO., LTD. and 6 other companies have been consolidated. Nissan Light Truck Co., Ltd. and 2 other companies, which were subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance has increased. In addition, Siam Nissan Automobile Co., Ltd. and 3 other companies, which were affiliates accounted for by the equity method in the prior year, have become consolidated subsidiaries following the acquisition of their shares. Calsonic Kansei Corporation has issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation and its 11 subsidiaries have been included in consolidation effective this fiscal year. Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective this fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., LTD., a consolidated subsidiary. In accordance with local accounting standards, effective this fiscal year, Dongfeng Motor Co., Ltd. has been proportionately consolidated into NISSAN (CHINA) INVESTMENT CO., LTD. In addition, Nissan Canada Finance Inc. and 5 other companies have been eliminated following their merger. Infiniti Motor Sales Inc. and 4 other companies were liquidated. Shizuoka Nissan Motor Co., Ltd. and another company have been excluded from consolidation following the sale of its shares.</td>
</tr>
</table>

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| (2) Unconsolidated subsidiaries 148<br>• Domestic companies 117<br>Nissan Marine Co., Ltd., Nissan Human Resource Development Center Co., Ltd., and others<br>• Foreign companies 31<br>Nissan Technical Center Europe S.A. (Brussels) and others<br>These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the semiannual consolidated financial statements. As a result, they have been excluded from consolidation. | (2) Unconsolidated subsidiaries 189<br>• Domestic companies 127<br>Nissan Marine Co., Ltd., Nissan Human Resource Development Center Co., Ltd., and others<br>• Foreign companies 62<br>Nissan Technical Center Europe S.A. (Brussels) and others<br>These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the semiannual consolidated financial statements. As a result, they have been excluded from consolidation. | (2) Unconsolidated subsidiaries 199<br>• Domestic companies 132<br>Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others<br>• Foreign companies 67<br>Nissan Technical Center Europe S.A. (Brussels), and others<br>These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation. |
| 2. Equity Method<br>(1) Companies accounted for by the equity method 52<br>• Unconsolidated subsidiaries 31<br>(25 domestic and 6 foreign companies)<br>Nissan Marine Co., Ltd., Nissan Technical Center Europe S.A. (Brussels) and others<br>The newly established subsidiary, Guangzhou NISSAN Trading Co., has become an unconsolidated subsidiary accounted for the equity method. Nissan Light Truck Co., Ltd. and 2 other companies, which were unconsolidated subsidiaries accounted for by the equity method in the prior year, have been included in consolidation since their materiality has increased. On the other hand, Nissan Security Service Co., Ltd. has been eliminated from consolidation due to a merger. | 2. Equity Method<br>(1) Companies accounted for by the equity method 50<br>• Unconsolidated subsidiaries 31<br>(23 domestic and 8 foreign companies)<br>Nissan Marine Co., Ltd., Nissan Technical Center Europe S.A. (Brussels) and others<br>Nissan Techno Co., Ltd., accounted for by the equity method in the prior year, has been consolidated since its importance has increased. In addition, Nissan Design Europe Limited and Compasslink Corp. have been eliminated following their liquidation. | 2. Equity Method<br>(1) Companies accounted for by the equity method 54<br>• Unconsolidated subsidiaries 34<br>(25 domestic and 9 foreign companies)<br>Nissan Marine Co., Ltd., Nissan Technical Center Europe S.A. (Brussels) and others<br>The newly established subsidiary, Guangzhou NISSAN Trading Co., has become an unconsolidated subsidiary accounted for by the equity method. Since Calsonic Kansei Corporation became a consolidated subsidiary, Calsonic Kansei Europe plc. and 2 other companies have been included in the scope of consolidation as unconsolidated subsidiaries accounted for by the equity method effective this fiscal year. Nissan Light Truck Co., Ltd. and 2 other companies, which were unconsolidated subsidiaries accounted for by the equity method in the prior year, have been included in consolidation since their materiality has increased. On the other hand, Nissan Security Service Co., Ltd. has been eliminated from consolidation due to a merger. |

| For the six months ended<br>September 30, 2004 | For the six months ended<br>September 30, 2005 | For the year ended<br>March 31, 2005 |
|---|---|---|
| • Affiliates 21<br>(18 domestic and 3 foreign companies) | • Affiliates 19<br>(16 domestic and 3 foreign companies) | • Affiliates 20<br>(17 domestic and 3 foreign companies) |
| Nissan Diesel Motor Co., Ltd., Calsonic Kansei Corporation and others | Nissan Diesel Motor Co., Ltd., and others | Nissan Diesel Motor Co., Ltd., and others |
| Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective this interim period because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., LTD., a consolidated subsidiary. In accordance with local accounting standards, effective the six months ended September 30, 2004, Dongfeng Motor Co., Ltd. has been consolidated proportionately to NISSAN (CHINA) INVESTMENT CO., LTD. Siam Nissan Automobile Co., Ltd. and 3 other companies became consolidated subsidiaries due to the acquisition of their shares effective this consolidated interim fiscal period. Utsunomiya Nissan Motor is no longer an affiliate since the Group's voting rights decreased following the sale of its shares. Therefore, it has been excluded from being accounted for by the equity method. | Nissan Buhin Chiba Hanbai Co., Ltd., a previously consolidated subsidiary, has been excluded from consolidation since the Group's voting rights have decreased following the sale of its shares, and has now been accounted for by the equity method. Nissan Satio Yamanashi Co., Ltd. is no longer an affiliate since the Group's voting rights have decreased following the sale of its shares. It is thus no longer accounted for by the equity method. In addition, e-Graphics has been eliminated following its merger. | Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective the current fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., Ltd., a consolidated subsidiary. In accordance with local accounting standards, effective the current fiscal year, Dongfeng Motor Co., Ltd. has been consolidated proportionately to NISSAN (CHINA) INVESTMENT CO., LTD. Siam Nissan Automobile Co., Ltd. and 3 other companies became consolidated subsidiaries due to the acquisition of their shares effective the current fiscal year. In addition, Calsonic Kansei Corporation has issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation has been included in consolidation. Utsunomiya Nissan Motor is no longer an affiliate since the Group's voting rights decreased following the sale of its shares and it is no longer accounted for by the equity method. |
| (2) Companies not accounted for by the equity method 147 | (2) Companies not accounted for by the equity method 199 | (2) Companies not accounted for by the equity method 207 |
| • Unconsolidated subsidiaries 117 | • Unconsolidated subsidiaries 158 | • Unconsolidated subsidiaries 165 |
| Nissan Human Resources Development Co., Ltd. and others | Nissan Human Resources Development Co., Inc. and others | Nissan Human Resources Development Center Inc. and others |
| • Affiliates 30 | • Affiliates 41 | • Affiliates 42 |
| Tonox Co., Ltd. and others | Tonox Co., Ltd. and others | Tonox Co., Ltd. and others |
| These companies are not accounted for by the equity method as their impact is not significant on consolidated net income or loss for the period or on consolidated retained earnings or other results. | These companies are not accounted for by the equity method as their impact is not significant on consolidated net income or loss for the period or on consolidated retained earnings or other results. | These companies are not accounted for by the equity method as their impact is not significant on the consolidated net income or loss for the year or on consolidated retained earnings or others results. |
| (3) No adjustments are made to the financial statements of companies accounted for by the equity method even if their accounting period is different from that of the Company. | (3) No adjustments are made to the financial statements of companies accounted for by the equity method even if their accounting period is different from that of the Company. | (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. |

| For the six months ended<br>September 30, 2004 | For the six months ended<br>September 30, 2005 | For the year ended<br>March 31, 2005 |
|---|---|---|
| 3. Accounting Period of Consolidated Subsidiaries<br><br>(1) The following consolidated companies close their books of account on:<br><br>June 30:<br>Nissan Mexicana, S.A. de C.A.<br>NR Finance Mexico, S.A. De C.V.<br>NR Wholesale Mexico, S.A. De C.V.<br>ESARA, S.A. De C.V.<br>Nissan Europe S.A.S. and its 26 subsidiaries<br>Nissan Forklift Europe B.V.<br>Nissan Forklift Espana S.A.<br>Nissan Forklift Co., North America<br>Nissan Trading Co., Ltd. and its 2 subsidiaries<br>Nissan Motor Company South Africa (Pty) Ltd. and its 11 subsidiaries<br>Nissan do Brasil Automoveis Ltda.<br>P.T. Nissan Motor Indonesia<br>P.T. Nissan Motor Distributor Indonesia<br>Siam Nissan Automobile Co., Ltd. and its 3 subsidiaries<br>Nissan South East Asia Co., Ltd.<br>Siam Motors And Nissan Co., Ltd.<br>Yulon Nissan Motor Co., Ltd.,<br>NISSAN (CHINA) INVESTMENT CO., LTD.<br>Dongfeng Motor Co., Ltd.<br>Nissan Korea Co., Ltd.<br>Nissan Light Truck Co., Ltd.<br><br>(2) The necessary adjustments are made to the semiannual financial statements of these 63 companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries. | 3. Accounting Period of Consolidated Subsidiaries<br><br>(1) The following consolidated companies close their books of account on:<br><br>June 30:<br>Nissan Mexicana, S.A. de C.A.<br>NR Finance Mexico, S.A. De C.V.<br>NR Wholesale Mexico, S.A. De C.V.<br>ESARA, S.A. De C.V.<br>Nissan Europe S.A.S. and its 18 subsidiaries<br>Nissan Forklift Europe B.V.<br>Nissan Forklift Espana S.A.<br>Nissan Forklift Co., North America<br>Nissan Trading Co., Ltd. and its 2 subsidiaries<br>Nissan Motor Company South Africa (Pty) Ltd. and its 9 subsidiaries<br>Nissan do Brasil Automoveis Ltda.<br>P.T. Nissan Motor Indonesia<br>P.T. Nissan Motor Distributor Indonesia<br>Siam Nissan Automobile Co., Ltd. and its 3 subsidiaries<br>Nissan South East Asia Co., Ltd.<br>Siam Motors And Nissan Co., Ltd.<br>Yulon Nissan Motor Co., Ltd.,<br>NISSAN (CHINA) INVESTMENT CO., LTD.<br>Dongfeng Motor Co., Ltd.<br>Nissan Korea Co., Ltd.<br>Nissan Light Truck Co., Ltd.<br>Nissan Asia Pacific Pte., Ltd.<br>Nissan International Finance Singapore Pte., Ltd.<br>Nissan Assurance Holding Company<br>Nissan Global Reinsurance, Ltd.<br>Nissan Extended Services North America, GP<br>Calsonic Kansei Mexicana, S.A. de R.L. de C.V. and its 2 subsidiaries<br><br>(2) The necessary adjustments are made to the semiannual financial statements of these 61 companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries. | 3. Accounting Period of Consolidated Subsidiaries<br><br>(1) The following consolidated companies close their books of account on:<br><br>December 31:<br>Nissan Mexicana, S.A. de C.A.<br>NR Finance Mexico, S.A. De C.V.<br>NR Wholesales Mexico, S.A. De C.V.<br>ESARA, S.A. De C.V<br>Nissan Europe S.A.S. and its 26 subsidiaries<br>Nissan Forklift Europe B.V.<br>Nissan Forklift Espana S.A.<br>Nissan Forklift Co., North America<br>Nissan Trading Co., Ltd. and its 2 subsidiaries<br>Nissan Motor Company South Africa (Pty) Ltd. and its 9 subsidiaries<br>Nissan do Brasil Automoveis Ltda.<br>P.T. Nissan Motor Indonesia<br>P.T. Nissan Motor Distributor Indonesia<br>Siam Nissan Automobile Co., Ltd. and its 3 subsidiaries<br>Nissan South East Asia Co., Ltd.<br>Siam Motors And Nissan Co., Ltd.<br>Yulon Nissan Motor Co., Ltd.<br>NISSAN (CHINA) INVESTMENT CO., LYD.<br>Dongfeng Motor Co., Ltd.<br>Nissan Korea Co., Ltd.<br>Nissan Light Truck Co., Ltd.<br>Calsonic Kansei Mexicana, S.A. de R.L. de C.V. and its 2 subsidiaries<br><br>(2) The necessary adjustments are made to the financial statements of these 64 companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries. |

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| 4. Significant Accounting Policies | 4. Significant Accounting Policies | 4. Significant Accounting Policies |
| (1) Method of valuation of assets | (1) Method of valuation of assets | (1) Method of valuation of assets |
| ① Securities | ① Securities | ① Securities |
| Held-to-maturity securities: Held-to-maturity securities are stated at amortized cost.<br>Other securities:<br>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 shareholders' equity. Cost of securities sold is calculated by the moving average method.<br>Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method. | Same as on the left | Same as on the left |
| ② Derivatives | ② Derivatives | ② Derivatives |
| Derivatives are carried at fair value except for forward foreign exchange contracts entered in order to hedge receivables and payables denominated in foreign currencies. | Derivatives are carried at fair value. | Derivatives are carried at fair value except for forward foreign exchange contracts entered in order to hedge receivables and payables denominated in foreign currencies. |
| ③ Inventories | ③ Inventories | ③ Inventories |
| Inventories are stated principally at the lower of cost or market, cost being determined by the FIFO method. | Same as on the left | Same as on the left |
| (2) Depreciation of property, plant and equipment | (2) Depreciation of property, plant and equipment | (2) Depreciation of property, plant and equipment |
| Depreciation of property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives of the respective assets and residual value determined by the Company. | Same as on the left | Same as on the left |
| (3) Basis for significant reserves | (3) Basis for significant reserves | (3) Basis for significant reserves |
| ① Allowance for doubtful accounts | ① Allowance for doubtful accounts | ① Allowance for doubtful accounts |
| Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivable from companies in experiencing financial difficulties. | Same as on the left | Same as on the left |
| ② Accrual for warranty costs | ② Accrual for warranty costs | ② Accrual for warranty costs |
| An accrual for warranty costs is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the terms of the various warranty contracts based on historical experience. | Same as on the left | Same as on the left |

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| ③ Accrued retirement benefits<br>Accrued retirement benefits are provided principally at an amount calculated based on the estimated retirement benefit obligation and the estimated fair value of the pension plan assets at the end of the current period.<br>The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.<br>Prior service cost is being amortized as incurred by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees.<br>Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees. | ③ Accrued retirement benefits<br>Same as on the left | ③ Accrued retirement benefits<br>Accrued retirement benefits are provided principally 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.<br>The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.<br>Prior service cost is being amortized as incurred by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees.<br>Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees. |
| (4) Foreign currency translation<br>Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the semiannual balance sheet date, and differences arising from the translation are charged or credited to income.<br>The assets and liabilities of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the semiannual balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the period. Translation adjustments are presented as a separate component of shareholders' equity and minority interests. | (4) Foreign currency translation<br>Same as on the left | (4) Foreign currency translation<br>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.<br>The assets and liabilities of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Translation adjustments are presented as a separate component of shareholders' equity and minority interests. |
| (5) Lease accounting<br>Noncancelable lease transactions which substantially transfer all risks and rewards associated with the ownership of the assets are accounted for as finance leases. | (5) Lease accounting<br>Same as on the left | (5) Lease accounting<br>Same as on the left |
| (6) Hedge accounting<br>① Hedge accounting<br>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.<br>When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies and if they qualify as hedges, such receivables and payables are recorded at their contract rates. | (6) Hedge accounting<br>① Hedge accounting<br>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. | (6) Hedge accounting<br>① Hedge accounting<br>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.<br>When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies and if they qualify as hedges, such receivables and payables are recorded at their contract rates. |

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| ② Hedging instruments and hedged items<br>• Hedging instruments<br>Derivative transactions<br>• Hedged items<br>Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation.<br>③ Hedging policy<br>It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.<br>④ Assessment of hedge effectiveness<br>Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the underlying hedged items.<br>⑤ Risk management policy with respect to hedge accounting<br>The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."<br>(7) Accounting for consumption taxes<br>Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.<br>(8) Accounting policies adopted by foreign consolidated subsidiaries<br>The financial statements of the Company's subsidiaries in Mexico and certain other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying semiannual consolidated financial statements have been charged or credited to operations and are reflected directly in retained earnings. | ② Hedging instruments and hedged items<br>• Hedging instruments<br>Derivative transactions<br>• Hedged items<br>Hedged items are primarily forecasted sales denominated in foreign currencies<br>③ Hedging policy<br>Same as on the left<br>④ Assessment of hedge effectiveness<br>Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.<br>⑤ Risk management policy with respect to hedge accounting<br>Same as on the left<br>(7) Accounting for consumption taxes<br>Same as on the left<br>(8) Accounting policies adopted by foreign consolidated subsidiaries<br>Same as on the left | ② Hedging instruments and hedged items<br>• Hedging instruments<br>Derivative transactions<br>• Hedged items<br>Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation.<br>③ Hedging policy<br>Same as on the left<br>④ Assessment of hedge effectiveness<br>Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the underlying hedged items.<br>⑤ Risk management policy with respect to hedge accounting<br>Same as on the left<br>(7) Accounting for consumption taxes<br>Same as on the left<br>(8) Accounting policies adopted by foreign consolidated subsidiaries<br>The financial statements of the Company's subsidiaries in Mexico and certain other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying consolidated financial statements have been charged or credited to operations and are reflected directly in retained earnings. |
| 5. Cash and Cash Equivalents in the Semiannual Consolidated Statement of Cash Flows<br>Cash and cash equivalents in the semiannual consolidated statement of cash flows consist of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted into cash and are subject to little risk of change in value. | 5. Cash and Cash Equivalents in the Semiannual Consolidated Statement of Cash Flows<br>Same as on the left | 5. Cash and Cash Equivalents in the Consolidated Statement of Cash Flows<br>Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted into cash and are subject to little risk of change in value. |

## Changes in Accounting Policies

<table>
<tr><th>For the six months ended<br>September 30, 2004</th><th>For the six months ended<br>September 30, 2005</th><th>For the year ended<br>March 31, 2005</th></tr>
<tr><td>Classification of Freight and Shipping Costs<br><br>Until the year ended March 31, 2004, freight and shipping costs of the Company and certain consolidated subsidiaries were included in selling, general and administrative expenses. Effective April 1, 2004, the Company and those consolidated subsidiaries began to account for the freight and shipping costs as cost of sales. This change was made in order to achieve a better matching of revenues and expenses and to present gross profit more accurately by including the freight and shipping costs in cost of sales as shipping costs to export parts to be used for manufacturing overseas have increased due to the expansion of manufacturing activities outside Japan.<br><br>The effect of this change was to increase cost of sales by ¥55,939 million and to decrease gross profit and selling, general and administrative expenses by the same amount for the six months ended September 30, 2004. This change had no impact on operating income, ordinary income, income before income taxes and minority interests or net income for the six months ended September 30, 2004 compared with the corresponding amounts which would have been recorded if the previous method had been followed.<br><br>This change also had no effect on segment information.</td><td>Forward Foreign Exchange Contracts<br><br>Until the year ended March 31, 2005, the Company and its domestic consolidated subsidiaries adopted special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the consolidated financial statements at their corresponding contracted rates.<br><br>Effective April 1, 2005, the Company and its domestic consolidated subsidiaries changed their method of accounting for those sales, accounts receivable and forward foreign exchange contracts to the benchmark method. Under this method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences to income, while the forward foreign exchange contracts are carried at fair value.<br><br>This change was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions. The effect of this change was immaterial.</td><td>Classification of Freight and Shipping Costs<br><br>Until the year ended March 31, 2004, freight and shipping costs of the Company and certain consolidated subsidiaries were included in selling, general and administrative expenses. Effective April 1, 2004, the Company and those consolidated subsidiaries began to account for the freight and shipping costs as cost of sales. This change was made in order to achieve a better matching of revenues and expenses and to present gross profit more accurately by including the freight and shipping costs in cost of sales as shipping costs to export parts to be used for manufacturing overseas have increased due to the expansion of manufacturing activities outside Japan.<br><br>The effect of this change was to increase cost of sales by ¥112,074 million and to decrease gross profit and selling, general and administrative expenses by the same amount for the year ended March 31, 2005. This change had no impact on operating income, ordinary income, income before income taxes and minority interests or net income for the year ended March 31, 2005 compared with the corresponding amounts which would have been recorded if the previous method had been followed.<br><br>This change also had no effect on segment information.</td></tr>
<tr><td></td><td>Accounting Standard for the Impairment of Fixed Assets<br><br>Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets (“Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the “Implementation Guidelines on the Accounting Standard for the Impairment of Fixed Assets” (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease income before income taxes and minority interests by ¥23,058 million for the six months ended September 30, 2005.<br><br>The cumulative impairment losses have been subtracted directly from the respective assets in accordance with the revised “Regulations for Semiannual Consolidated Financial Statements.”</td><td></td></tr>
</table>

## Changes in Presentation

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 |
|---|---|
| ———————— | Semiannual Consolidated Balance Sheet<br><br>Short-term loans payable<br><br>Short-term borrowings and import bills payable were presented as a current liability in the prior fiscal year. Since there were no remaining import bills payable at September 30, 2005, this account has been presented as short-term borrowings. |
| ———————— | Semiannual Consolidated Statement of Cash Flows<br><br>(1) In the presentation of "Cash flows from operating activities," the Company has combined "Loss on disposal of property, plant and equipment" and "Loss on disposal of intangible assets" and has presented these as "Loss on disposal of fixed assets" for the six months ended September 30, 2005.<br><br>"Loss on disposal of intangible assets" in the amount of ¥3,058 million has been included in "Loss on disposal of fixed assets" for the six months ended September 30, 2005.<br><br>(2) In the presentation of "Cash flows from financing activities," "Cash dividends paid to minority shareholders" has been presented separately from "Other" due to its increased materiality.<br><br>"Cash dividends paid to minority shareholders" in the amount of ¥404 million has been included in "Other" for the six months ended September 30, 2004. |

## Notes to Semiannual Consolidated Financial Statements

*All amounts are in millions of yen unless otherwise indicated except for amounts per share.*

### For the Semiannual Consolidated Balance Sheets

#### At September 30, 2004

1. *1 Accumulated depreciation of property, plant and equipment ¥3,393,264

   This balance includes the accumulated depreciation of leased assets (lessees) in the amount of ¥133,480 million.

2. *2 Machinery, equipment and vehicles includes certain items leased to others under lease agreements in the amount of ¥888,717 million.

3. *3 These assets include the following assets pledged as collateral:

   (1) Assets pledged as collateral:

| | |
|---|---|
| Sales finance receivables | ¥ 571,956 |
| Property, plant and equipment | 1,584,099 |
| Total | ¥2,156,055 |

   (2) Liabilities secured by the above collateral:

| | |
|---|---|
| Short-term borrowings | ¥ 497,505 |
| Long-term borrowings (including the current portion) | 1,328,250 |
| Total | ¥1,825,755 |

   In addition to the above, investments in subsidiaries totaling ¥55,406 million, which were eliminated in consolidation, were pledged as collateral for long-term borrowings of affiliates of ¥5,940 million, which were not reflected in the accompanying semiannual consolidated balance sheet.

4. Guarantees and others

   (1) Guarantees

| Guarantees | Balance of liabilities guaranteed | Description of liabilities guaranteed |
|---|---|---|
| Employees | ¥202,570* | Employees' housing loans and others |
| AG Global Private Ltd. Co. and 543 other companies | 41,913 | Loans |
| Total | ¥244,483 | |

* These loans were fully covered by insurance.

#### At September 30, 2005

1. *1 Accumulated depreciation of property, plant and equipment ¥3,872,173

   This balance includes the accumulated depreciation of leased assets (lessees) in the amount of ¥165,109 million.

2. *2 Machinery, equipment and vehicles includes certain items leased to others under lease agreements in the amount of ¥1,321,717 million.

3. *3 These assets include the following assets pledged as collateral:

   (1) Assets pledged as collateral:

| | |
|---|---|
| Cash and cash equivalents | ¥ 2,839 |
| Trade notes and accounts receivable | 5,003 |
| Sales finance receivables | 1,326,605 |
| Property, plant and equipment | 694,262 |
| Other investments, other assets | 614 |
| Total | ¥2,029,323 |

   (2) Liabilities secured by the above collateral:

| | |
|---|---|
| Short-term borrowings | ¥ 311,208 |
| Long-term borrowings (including the current portion) | 1,506,522 |
| Total | ¥1,817,730 |

4. Guarantees and others

   (1) Guarantees

| Guarantees | Balance of liabilities guaranteed | Description of liabilities guaranteed |
|---|---|---|
| Employees | ¥186,050* | Employees' housing loans and others |
| AG Global Private Ltd. Co. and 382 other companies | 39,296 | Loans |
| Total | ¥225,346 | |

* These loans were fully covered by insurance.

#### At March 31, 2005

1. *1 Accumulated depreciation of property, plant and equipment ¥3,664,865

   This balance includes the accumulated depreciation of leased assets (lessees) in the amount of ¥141,309 million.

2. *2 Machinery, equipment and vehicles includes certain items in the amount of ¥1,011,289 million leased to others under lease agreements.

3. *3 These assets include the following assets pledged as collateral:

   (1) Assets pledged as collateral:

| | |
|---|---|
| Trade notes and accounts receivable | ¥ 260 |
| Sales finance receivable | 1,318,667 |
| Securities | 161 |
| Property, plant and equipment | 789,418 |
| Other investment, other assets | 699 |
| Total | ¥2,109,205 |

   (2) Liabilities secured by the above collateral:

| | |
|---|---|
| Short-term borrowings | ¥ 449,020 |
| Long-term borrowings (including the current portion) | 1,351,212 |
| Total | ¥1,800,232 |

   In addition to the above, investments in subsidiaries totaling ¥1,036 million, which were eliminated in consolidation, were pledged as collateral for long-term borrowings of affiliates of ¥472 million, which were not reflected in the accompanying consolidated balance sheet.

4. Guarantees and others

   (1) Guarantees

| Guarantees | Balance of liabilities guaranteed | Description of liabilities guaranteed |
|---|---|---|
| Employees | ¥195,030* | Employees' housing loans and others |
| AG Global Private Ltd. Co. and 415 other companies | 48,354 | Loans |
| Total | ¥243,384 | |

* These loans were fully covered by insurance.

<table>
<tr><th>At September 30, 2004</th><th>At September 30, 2005</th><th>At March 31, 2005</th></tr>
<tr>
<td>(2) Commitments to provide guarantees<br><br>Guarantees | Balance of commitments to provide guarantees | Description of commitments<br>MONC LIBERIA, INC and another company | ¥2,841 | Commitments to provide guarantees for loans<br><br>(3) Letters of awareness regarding sales of trade receivables<br>Total trade receivables sold ¥30,770<br><br>(4) Outstanding balance of installment receivables sold with recourse ¥20,401<br><br>5. Notes receivable discounted with banks ¥2,530<br><br>6. *4 Retained earnings<br>Revaluation adjustments resulting from adoption of general price-level accounting ¥31,023<br><br>7. The unused balances granted under overdraft and loan commitment agreements of certain consolidated subsidiaries are summarized as follows:<br>Total lines of credit, overdrafts and loans ¥94,202<br>Loans receivable outstanding 10,231<br>Unused lines of credit ¥83,971<br><br>A significant portion of the above overdraft and loan commitment agreements frequently expires without being utilized and loans under such agreements are sometimes subject to a prior credit investigation of the borrowers. Accordingly, the unused balance may not necessarily be fully utilized.</td>
<td>(2) Commitments to provide guarantees<br><br>Guarantees | Balance of commitments to provide guarantees | Description of commitments<br>MONC LIBERIA, INC and another company | ¥2,629 | Commitments to provide guarantees for loans<br><br>(3) Outstanding balance of installment receivables sold with recourse ¥16,069<br><br>5. Notes receivable discounted with banks ¥3,621<br><br>6. *4 Retained earnings<br>Revaluation adjustments resulting from adoption of general price-level accounting ¥42,993<br><br>7. The unused balances granted under overdraft and loan commitment agreements of certain consolidated subsidiaries are summarized as follows:<br>Total lines of credit, overdrafts and loans ¥124,202<br>Loans receivable outstanding 13,333<br>Unused lines of credit ¥110,869<br><br>A significant portion of the above overdraft and loan commitment agreements frequently expires without being utilized and loans under such agreements are sometimes subject to a prior credit investigation of the borrowers. Accordingly, the unused balance may not necessarily be fully utilized.</td>
<td>(2) Commitments to provide guarantees<br><br>Guarantees | Balance of commitments to provide guarantees | Description of commitments<br>MONC LIBERIA, INC and another company | ¥2,712 | Commitments to provide guarantees for loans<br><br>(3) Outstanding balance of installment receivables sold with recourse ¥20,687<br><br>5. Notes receivable discounted with banks ¥5,301<br><br>6. *4 Retained earnings<br>Revaluation adjustments resulting from adoption of general price-level accounting ¥40,373<br><br>7. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows:<br>Total lines of credit, overdrafts and loans ¥107,247<br>Loans receivable outstanding 12,094<br>Unused lines of credit ¥95,153<br><br>A significant portion of the above overdraft and loan commitment agreements frequently expires without being utilized and loans under such agreements are sometimes subject to a prior credit investigation of the borrowers. Accordingly, the unused balance may not necessarily be fully utilized.</td>
</tr>
</table>

## For the Semiannual Consolidated Statements of Income

<table>
<tr><th>For the six months ended<br>September 30, 2004</th><th>For the six months ended<br>September 30, 2005</th><th>For the year ended<br>March 31, 2005</th></tr>
<tr>
<td>*1 Gain on sales of fixed assets primarily consisted of gain on sales of land and buildings of ¥3,685 million in the aggregate.</td>
<td>*1 Gain on sales of fixed assets primarily consisted of gain on sales of land and buildings of ¥2,905 million in the aggregate.</td>
<td>*1 Gain and loss on sales of property, plant and equipment primarily resulted from sales of land and buildings in aggregate amounts of ¥24,609 million and ¥2,778 million, respectively.</td>
</tr>
<tr>
<td>*2 The components of prior-period adjustments were as follows:<br>- Additional research and development costs of ¥13,150 million resulting from the revision of the related agreements for the prior fiscal year.</td>
<td>―――</td>
<td>*2 The components of prior-period adjustments were as follows:<br>- Additional research and development costs of ¥13,150 million resulting from the revision of the related agreements for the prior fiscal year; and<br>- Additional co-development costs of ¥14,771 million related to prior fiscal years.</td>
</tr>
<tr>
<td>―――</td>
<td>*3 The following loss on impairment of fixed assets was recorded for the six months ended September 30, 2005:
<table>
<tr><th>Usage</th><th>Description</th><th>Location</th><th>Amount (Millions)</th></tr>
<tr><td>Idle assets</td><td>Land and buildings</td><td>Izunokuni-city, Shizuoka Prefecture and 42 other locations</td><td>¥17,472</td></tr>
<tr><td>Assets to be sold</td><td>Land, buildings and structures</td><td>Hidaka-city, Saitama Prefecture</td><td>¥ 5,586</td></tr>
</table>
The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales finance). 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.<br><br>
The Company and its domestic consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of due to a significant decline in their market value by reducing their book value to the respective net realizable value of each asset. Such loss amounted to ¥23,058 million has been recorded as a special loss in the accompanying semiannual consolidated statements of income. This impairment loss consisted of losses on idle assets of ¥17,472 million (land - ¥16,541 million and building - ¥931 million) and losses on assets to be sold of ¥5,586 million (land - ¥2,827 million, buildings and structures - ¥1,210 million and others - ¥1,549 million).<br><br>
The net realizable value of the idle assets was based on their appraisal value and that of the assets to be disposed of and sold was estimated based on their respective sales contracts.</td>
<td>―――</td>
</tr>
</table>

## For the Consolidated Statements of Cash Flows

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| *1 Cash and cash equivalents as of the balance sheet date are reconciled to the accounts reported in the semiannual consolidated balance sheet as follows: | *1 Cash and cash equivalents as of the balance sheet date are reconciled to the accounts reported in the semiannual consolidated balance sheet as follows: | *1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows: |
| (As of September 30, 2004) | (As of September 30, 2005) | (As of March 31, 2005) |
| Cash on hand and in banks ¥360,340 | Cash on hand and in banks ¥265,452 | Cash on hand and in banks ¥300,274 |
| Time deposits with maturities of more than three months (24,674) | Time deposits with maturities of more than three months (30,708) | Time deposits with maturities of more than three months (21,301) |
| Cash equivalents included in securities (*) 14,628 | Cash equivalents included in securities (*) 20,407 | Cash equivalents included in securities (*) 10,811 |
| Cash and cash equivalents ¥350,294 | Cash and cash equivalents ¥255,151 | Cash and cash equivalents ¥289,784 |
| * This represents short-term highly liquid investments readily convertible into cash held by foreign subsidiaries | * This represents short-term highly liquid investments readily convertible into cash held by foreign subsidiaries | * This represents short-term highly liquid investments readily convertible into cash held by foreign subsidiaries. |

## For Lease Transactions

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| Lessees' Accounting | Lessees' Accounting | Lessees' Accounting |
| Operating lease transactions | Operating lease transactions | Operating lease transactions |
| Future minimum lease payments subsequent to September 30, 2004 are summarized as follows: | Future minimum lease payments subsequent to September 30, 2005 are summarized as follows: | Future minimum lease payments subsequent to March 31, 2005 are summarized as follows: |
| Due in one year or less ¥ 5,219 | Due in one year or less ¥ 4,509 | Due in one year or less ¥ 5,729 |
| Due after one year 22,565 | Due after one year 18,819 | Due after one year 24,004 |
| Total ¥27,784 | Total ¥23,328 | Total ¥29,733 |
| Lessors' Accounting | Lessors' Accounting | Lessors' Accounting |
| Operating lease transactions | Operating lease transactions | Operating lease transactions |
| Future minimum lease income subsequent to September 30, 2004 is summarized as follows: | Future minimum lease income subsequent to September 30, 2005 is summarized as follows: | Future minimum lease income subsequent to March 31, 2005 is summarized as follows: |
| Due in one year or less ¥211,800 | Due in one year or less ¥188,181 | Due in one year or less ¥228,770 |
| Due after one year 299,957 | Due after one year 483,129 | Due after one year 311,015 |
| Total ¥511,757 | Total ¥671,310 | Total ¥539,785 |

## For Securities

### At September 30, 2004

1. Marketable held-to-maturity debt securities

| Type of securities | Carrying value | Estimated fair value | Unrealized gain (loss) |
|---|---|---|---|
| Corporate bonds | ¥206 | ¥206 | – |
| Total | ¥206 | ¥206 | – |

2. Marketable other securities

| Type of securities | Acquisition costs | Carrying value | Unrealized gain (loss) |
|---|---|---|---|
| (1) Stocks | ¥3,514 | ¥10,650 | ¥7,136 |
| (2) Bonds National and local government bonds | 19 | 20 | 1 |
| Total | ¥3,533 | ¥10,670 | ¥7,137 |

3. The carrying value and a description of major securities whose fair value was not determinable is as follows:

Other securities

| | |
|---|---|
| Unlisted domestic stocks (excluding those traded on the over-the-counter market) | ¥6,730 |
| Unlisted foreign stocks | 4,674 |

### At September 30, 2005

1. Marketable held-to-maturity debt securities

| Type of securities | Carrying value | Estimated fair value | Unrealized gain (loss) |
|---|---|---|---|
| Corporate bonds | ¥57 | ¥57 | – |
| Total | ¥57 | ¥57 | – |

2. Marketable other securities

| Type of securities | Acquisition costs | Carrying value | Unrealized gain (loss) |
|---|---|---|---|
| (1) Stocks | ¥4,691 | ¥19,574 | ¥14,883 |
| (2) Bonds National and local government bonds | 19 | 20 | 1 |
| Total | ¥4,710 | ¥19,594 | ¥14,884 |

3. The carrying value and a description of major securities whose fair value was not determinable is as follows:

Other securities

| | |
|---|---|
| Unlisted domestic stocks (excluding those traded on the over-the-counter market) | ¥ 9,179 |
| Unlisted foreign stocks | 753 |
| Unlisted foreign investment trusts | 16,339 |

### At March 31, 2005

1. Marketable held-to-maturity debt securities

| Type of securities | Carrying value | Estimated fair value | Unrealized gain (loss) |
|---|---|---|---|
| Corporate bonds | ¥201 | ¥201 | – |
| Total | ¥201 | ¥201 | – |

2. Marketable other securities

| Type of securities | Acquisition costs | Carrying value | Unrealized gain (loss) |
|---|---|---|---|
| (1) Stocks | ¥4,460 | ¥16,261 | ¥11,801 |
| (2) Bonds National and local government bonds | 19 | 20 | 1 |
| Others | 229 | 209 | (20) |
| Total | ¥4,708 | ¥16,490 | ¥11,782 |

3. The carrying value and a description of major securities whose fair value was not determinable is as follows:

Other securities:

| | |
|---|---|
| Unlisted domestic stocks (excluding those traded on the over-the-counter market) | ¥8,822 |
| Unlisted foreign stocks | 721 |

## For Derivatives

## National Amounts, Fair Value and Unrealized Gain or Loss of Derivatives

| Type of related items | Type of transactions | At September 30, 2004 | | | At September 30, 2005 | | | At March 31, 2005 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Notional amounts | Fair value | Unrealized gain (loss) | Notional amounts | Fair value | Unrealized gain (loss) | Notional amounts | Fair value | Unrealized gain (loss) |
| Currency | Forward foreign exchange contracts: | | | | | | | | | |
| | Sell: | | | | | | | | | |
| | USD | ¥ 9,905 | ¥ 9,539 | ¥ 366 | ¥104,678 | ¥107,469 | ¥ (2,791) | ¥ 9,678 | ¥ 9,222 | ¥ 456 |
| | EUR | – | – | – | 16,420 | 16,488 | (68) | – | – | – |
| | CAD | 7,845 | 8,224 | (379) | 11,056 | 11,768 | (712) | 7,122 | 7,201 | (79) |
| | MXN | – | – | – | 10,810 | 11,204 | (394) | – | – | – |
| | AUD | – | – | – | 8,871 | 9,199 | (328) | – | – | – |
| | ZAR | 765 | 716 | 49 | 2,399 | 2,481 | (82) | 777 | 729 | 48 |
| | NZD | – | – | – | 1,244 | 1,277 | (33) | – | – | – |
| | THB | – | – | – | 842 | 842 | – | – | – | – |
| | GBP | – | – | – | 62 | 63 | (1) | 3,100 | 3,075 | 25 |
| | Buy: | | | | | | | | | |
| | USD | 23 | 22 | (1) | 10,881 | 10,461 | (420) | 7,238 | 7,026 | (212) |
| | EUR | – | – | – | 457 | 460 | 3 | – | – | – |
| | Other | – | – | – | 64 | 64 | – | – | – | – |
| | Swaps: | | | | | | | | | |
| | USD | ¥ 18,153 | ¥ 122 | ¥ 122 | ¥150,495 | ¥ (223) | ¥ (223) | ¥107,144 | ¥ 662 | ¥ 662 |
| | EUR | 208,187 | 651 | 651 | 69,188 | 80 | 80 | 116,844 | (1) | (1) |
| | AUD | – | – | – | 42,324 | (44) | (44) | 26,216 | 41 | 41 |
| | GBP | 34,691 | 314 | 314 | 19,691 | (23) | (23) | – | – | – |
| | CAD | – | – | – | 13,497 | (1,252) | (1,252) | – | – | – |
| | ZAR | – | – | – | 6,723 | (7) | (7) | – | – | – |
| | HKD | – | – | – | 5,184 | 3 | 3 | 5,307 | – | – |
| Interest rate | Swaps: | | | | | | | | | |
| | Receive floating/ pay fixed | ¥165,678 | ¥ 1,193 | ¥ 1,193 | ¥149,910 | ¥ (224) | ¥ (224) | ¥185,695 | ¥ 2,774 | ¥ 2,774 |
| | Receive fixed/ pay floating | 167,885 | 3,727 | 3,727 | 209,594 | 2,482 | 2,482 | 192,885 | 3,287 | 3,287 |
| | Options: | | | | | | | | | |
| | Caps sold | ¥481,558 | | | ¥439,765 | | | ¥441,875 | | |
| | (Option premium) | (–) | ¥ (1,778) | ¥ (1,778) | (–) | ¥ (4,661) | ¥ (4,661) | (–) | ¥ (7,289) | ¥ (7,289) |
| | Caps purchased | 481,558 | | | 439,765 | | | 441,875 | | |
| | (Option premium) | (–) | 1,778 | 1,778 | (–) | 4,661 | 4,661 | (–) | 7,289 | 7,289 |
| Total | | ¥ – | ¥ – | ¥ 6,042 | ¥ – | ¥ – | ¥ (4,034) | ¥ – | ¥ – | ¥ 7,001 |

Notes: 1. Calculation of fair value

At March 31, 2005 and September 30, 2004:

(1) Fair value of the forward foreign exchange contracts is based on the forward rates.

(2) Fair value of the options and swaps is based on the prices obtained from financial institutions.

At September 30, 2005:

Fair value is based on present value of each derivative instrument.

2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

Segment Information

Business Segment Information

***For the six months ended September 30, 2004***

| | Automobile | Sales finance | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net sales: | | | | | |
| (1) Sales to third parties | ¥3,815,292 | ¥192,650 | ¥4,007,942 | – | ¥4,007,942 |
| (2) Inter-group sales | 11,678 | 5,589 | 17,267 | ¥(17,267) | – |
| Total | 3,826,970 | 198,239 | 4,025,209 | (17,267) | 4,007,942 |
| Operating expenses | 3,464,207 | 162,235 | 3,626,442 | (21,937) | 3,604,505 |
| Operating income | ¥ 362,763 | ¥ 36,004 | ¥ 398,767 | ¥ 4,670 | ¥ 403,437 |

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

2. The major products in each segment are as follows:

(1) Automobiles.............passenger cars, trucks, buses, forklifts, parts for manufacturing in overseas countries

(2) Sales finance ............credit, leases and other

3. Consolidated financial statements by business segment for the six months ended September 30, 2004

- Amounts in the sales finance segment represent the aggregate of the figures of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA), NRF Mexico (Mexico), NR Wholesale Mexico (Mexico), ESARA, S.A. De C.V. (Mexico) and sales finance business of Nissan Canada Finance Inc. (Canada).
- Amounts in the automobile segment represent the differences between the consolidated totals and those of the sales finance segment.

(1) Summarized Consolidated Balance Sheets by Business Segment

| | As of September 30, 2004 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| **Assets** | | | |
| I Current assets | | | |
| Cash on hand and in banks | ¥ 355,899 | ¥ 4,441 | ¥ 360,340 |
| Trade notes and accounts receivable | 466,541 | 52 | 466,593 |
| Sales finance receivables | (145,364) | 2,756,158 | 2,610,794 |
| Inventories | 697,418 | 4,962 | 702,380 |
| Other current assets | 451,071 | 146,516 | 597,587 |
| Total current assets | 1,825,565 | 2,912,129 | 4,737,694 |
| II Fixed assets | | | |
| Property, plant and equipment, net | 2,593,397 | 907,056 | 3,500,453 |
| Investment securities | 305,061 | 823 | 305,884 |
| Other fixed assets | 450,936 | 119,251 | 570,187 |
| Total fixed assets | 3,349,394 | 1,027,130 | 4,376,524 |
| III Deferred charges | | | |
| Discounts on bonds | 1,322 | – | 1,322 |
| Total deferred charges | 1,322 | – | 1,322 |
| Total assets | ¥ 5,176,281 | ¥ 3,939,259 | ¥ 9,115,540 |
| **Liabilities** | | | |
| I Current liabilities | | | |
| Trade notes and accounts payable | ¥ 900,069 | ¥ 20,240 | ¥ 920,309 |
| Short-term borrowings | (261,326) | 2,211,399 | 1,950,073 |
| Lease obligations | 50,009 | 429 | 50,438 |
| Other current liabilities | 872,429 | 64,664 | 937,093 |
| Total current liabilities | 1,561,181 | 2,296,732 | 3,857,913 |
| II Long-term liabilities | | | |
| Bonds | 346,969 | 62,970 | 409,939 |
| Long-term borrowings | 219,603 | 1,018,731 | 1,238,334 |
| Lease obligations | 91,088 | 647 | 91,735 |
| Other long-term liabilities | 867,203 | 229,609 | 1,096,812 |
| Total long-term liabilities | 1,524,863 | 1,311,957 | 2,836,820 |
| Total liabilities | 3,086,044 | 3,608,689 | 6,694,733 |
| **Minority interests** | | | |
| Minority interests | 164,065 | – | 164,065 |
| **Shareholders' equity** | | | |
| I Common stock | 519,317 | 86,497 | 605,814 |
| II Capital surplus | 774,403 | 30,067 | 804,470 |
| III Retained earnings and unrealized holding gain on securities | 1,281,543 | 209,154 | 1,490,697 |
| IV Translation adjustments | (401,467) | 4,852 | (396,615) |
| V Treasury stock | (247,624) | – | (247,624) |
| Total shareholders' equity | 1,926,172 | 330,570 | 2,256,742 |
| Total liabilities, minority interests and shareholders' equity | ¥ 5,176,281 | ¥ 3,939,259 | ¥ 9,115,540 |

Notes: 1. Sales finance receivables in the automobile and eliminations segment represent eliminations resulting from the inter-group loans relating to inventory purchasing made by the sales finance segment.

2. Borrowings in the automobile and eliminations segment are stated net of loans of ¥756,929 million in the aggregate made to the sales finance segment.

(2) Summarized statements of income by business segment

| | For the six months ended September 30, 2004 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| Net sales | ¥3,809,703 | ¥198,239 | ¥4,007,942 |
| Cost of sales | 2,832,811 | 118,935 | 2,951,746 |
| Gross profit | 976,892 | 79,304 | 1,056,196 |
| Operating income as a percentage of net sales | 9.6% | 18.2% | 10.1% |
| Operating income | 367,433 | 36,004 | 403,437 |
| Financial income/expenses, net | (6,149) | 183 | (5,966) |
| Other non-operating income/expenses, net | 3,411 | 475 | 3,886 |
| Ordinary income | 364,695 | 36,662 | 401,357 |
| Income before income taxes and minority interests | 333,819 | 36,661 | 370,480 |
| Net income | ¥ 219,115 | ¥ 19,693 | ¥ 238,808 |

(3) Summarized statements of cash flows by business segment

| | For the six months ended September 30, 2004 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| I Cash flows from operating activities | | | |
| Income before income taxes and minority interests | ¥ 333,819 | ¥ 36,661 | ¥ 370,480 |
| Depreciation and amortization | 162,530 | 84,826 | 247,356 |
| Changes in sales finance receivables | (54,199) | (252,684) | (306,883) |
| Other | (230,563) | 43,857 | (186,706) |
| Cash flows provided by (used in) operating activities | 211,587 | (87,340) | 124,247 |
| II Cash flows from investing activities | | | |
| Proceeds from sales of investment securities | 9,392 | (6) | 9,386 |
| Proceeds from sales of property, plant and equipment | 18,848 | (1) | 18,847 |
| Capital expenditures | (209,828) | (4,945) | (214,773) |
| Purchases of leased vehicles | (3,130) | (271,405) | (274,535) |
| Proceeds from sales of leased vehicles | 4,550 | 82,307 | 86,857 |
| Other | (61,011) | 6,932 | (54,079) |
| Cash flows used in investing activities | (241,179) | (187,118) | (428,297) |
| III Cash flows from financing activities | | | |
| Changes in short-term borrowings | 455,233 | 160,732 | 615,965 |
| Changes in long-term borrowings | (246,662) | 83,079 | (163,583) |
| Increase in bonds and debentures | – | 30,000 | 30,000 |
| Other | (84,191) | 651 | (83,540) |
| Cash flows provided by financing activities | 124,380 | 274,462 | 398,842 |
| IV Effect of exchange rate changes on cash and cash equivalents | 1,585 | 176 | 1,761 |
| V Increase in cash and cash equivalents | 96,373 | 180 | 96,553 |
| VI Cash and cash equivalents at beginning of the period | 190,135 | 4,029 | 194,164 |
| VII Increase due to inclusion in consolidation | 59,577 | – | 59,577 |
| VIII Cash and cash equivalents at end of the period | ¥ 346,085 | ¥ 4,209 | ¥ 350,294 |

***For the six months ended September 30, 2005***

| | Automobile | Sales finance | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net sales: | | | | | |
| (1) Sales to third parties | ¥4,245,853 | ¥245,122 | ¥4,490,975 | – | ¥4,490,975 |
| (2) Inter-group sales | 14,270 | 7,258 | 21,528 | ¥(21,528) | – |
| Total | 4,260,123 | 252,380 | 4,512,503 | (21,528) | 4,490,975 |
| Operating expenses | 3,895,371 | 217,957 | 4,113,328 | (33,891) | 4,079,437 |
| Operating income | ¥ 364,752 | ¥ 34,423 | ¥ 399,175 | ¥ 12,363 | ¥ 411,538 |

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

2. The major products in each segment are as follows:

(1) Automobiles.............passenger cars, trucks, buses, forklifts, parts for manufacturing in overseas countries

(2) Sales finance ............credit, leases and other

3. Consolidated financial statements by business segment for the six months ended September 30, 2005

- Amounts in the sales finance segment represent the aggregate of the figures of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA), NRF Mexico (Mexico), NR Wholesale Mexico (Mexico), ESARA, S.A. De C.V. (Mexico) and sales finance business of Nissan Canada Finance Inc. (Canada).

- Amounts in the automobile segment represent the differences between the consolidated totals and those for the sales finance segment.

(1) Summarized Consolidated Balance Sheets by Business Segment

| | As of September 30, 2005 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| **Assets** | | | |
| I Current assets | | | |
| Cash on hand and in banks | ¥ 260,426 | ¥ 5,026 | ¥ 265,452 |
| Trade notes and accounts receivable | 575,420 | 142 | 575,562 |
| Sales finance receivables | (158,673) | 3,369,721 | 3,211,048 |
| Inventories | 845,231 | 8,336 | 853,567 |
| Other current assets | 504,907 | 162,142 | 667,049 |
| Total current assets | 2,027,311 | 3,545,367 | 5,572,678 |
| II Fixed assets | | | |
| Property, plant and equipment, net | 2,781,967 | 1,309,286 | 4,091,253 |
| Investment securities | 357,936 | 293 | 358,229 |
| Other fixed assets | 449,067 | 128,069 | 577,136 |
| Total fixed assets | 3,588,970 | 1,437,648 | 5,026,618 |
| III Deferred charges | | | |
| Discounts on bonds | 779 | – | 779 |
| Total deferred charges | 779 | – | 779 |
| Total assets | ¥5,617,060 | ¥4,983,015 | ¥10,600,075 |
| **Liabilities** | | | |
| I Current liabilities | | | |
| Trade notes and accounts payable | ¥ 939,241 | ¥ 24,430 | ¥ 963,671 |
| Short-term borrowings | (372,254) | 2,646,115 | 2,273,861 |
| Lease obligations | 60,469 | 691 | 61,160 |
| Other current liabilities | 1,008,142 | 97,060 | 1,105,202 |
| Total current liabilities | 1,635,598 | 2,768,296 | 4,403,894 |
| II Long-term liabilities | | | |
| Bonds | 396,352 | 216,082 | 612,434 |
| Long-term borrowings | 210,225 | 1,314,297 | 1,524,522 |
| Lease obligations | 78,134 | – | 78,134 |
| Other long-term liabilities | 691,776 | 302,160 | 993,936 |
| Total long-term liabilities | 1,376,487 | 1,832,539 | 3,209,026 |
| Total liabilities | 3,012,085 | 4,600,835 | 7,612,920 |
| **Minority interests** | | | |
| Minority interests | 272,728 | 1,540 | 274,268 |
| **Shareholders' equity** | | | |
| I Common stock | 514,612 | 91,202 | 605,814 |
| II Capital surplus | 773,627 | 30,843 | 804,470 |
| III Retained earnings and unrealized holding gain on securities | 1,649,202 | 244,714 | 1,893,916 |
| IV Translation adjustments | (329,724) | 13,881 | (315,843) |
| V Treasury stock | (275,470) | – | (275,470) |
| Total shareholders' equity | 2,332,247 | 380,640 | 2,712,887 |
| Total liabilities, minority interests and shareholders' equity | ¥5,617,060 | ¥4,983,015 | ¥10,600,075 |

Notes: 1. Sales finance receivables in the automobile and eliminations segment represent eliminations resulting from the inter-group loans relating to inventory purchasing made by the sales finance segment.

2. Borrowings in the automobile and eliminations segment are stated net of loans of ¥897,946 million in the aggregate made to the sales finance segment.

(2) Summarized statements of income by business segment

| | For the six months ended September 30, 2005 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| Net sales | ¥4,238,595 | ¥252,380 | ¥4,490,975 |
| Cost of sales | 3,181,781 | 173,982 | 3,355,763 |
| Gross profit | 1,056,814 | 78,398 | 1,135,212 |
| Operating income as a percentage of net sales | 8.9% | 13.6% | 9.2% |
| Operating income | 377,115 | 34,423 | 411,538 |
| Financial income/expenses, net | (679) | (3) | (682) |
| Other non-operating income/expenses, net | (15,468) | 251 | (15,217) |
| Ordinary income | 360,968 | 34,671 | 395,639 |
| Income before income taxes and minority interests | 332,853 | 34,588 | 367,441 |
| Net income | ¥ 208,345 | ¥ 22,357 | ¥ 230,702 |

(3) Summarized statements of cash flows by business segment

| | For the six months ended September 30, 2005 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| I Cash flows from operating activities | | | |
| Income before income taxes and minority interests | ¥ 332,853 | ¥ 34,588 | ¥ 367,441 |
| Depreciation and amortization | 194,846 | 115,618 | 310,464 |
| (Increase) decrease in sales finance receivables | (51,820) | 4,487 | (47,333) |
| Other | (529,269) | 75,967 | (453,302) |
| Cash flows (used in) provided by operating activities | (53,390) | 230,660 | 177,270 |
| II Cash flows from investing activities | | | |
| Proceeds from sales of investment securities | 21,776 | – | 21,776 |
| Proceeds from sales of property, plant and equipment | 25,793 | 1 | 25,794 |
| Capital expenditures | (216,260) | (6,938) | (223,198) |
| Purchases of leased vehicles | (24,969) | (476,702) | (501,671) |
| Proceeds from sales of leased vehicles | 11,849 | 108,441 | 120,290 |
| Other | (35,742) | 1,534 | (34,208) |
| Cash flows used in investing activities | (217,553) | (373,664) | (591,217) |
| III Cash flows from financing activities | | | |
| Net changes in short-term borrowings | 298,742 | (12,132) | 286,610 |
| Changes in long-term borrowings and redemption of bonds | (180,573) | 99,450 | (81,123) |
| Increase in bonds and debentures | 227,386 | 50,000 | 277,386 |
| Other | (104,886) | 1,790 | (103,096) |
| Cash flows provided by financing activities | 240,669 | 139,108 | 379,777 |
| IV Effect of exchange rate changes on cash and cash equivalents | (988) | 522 | (466) |
| V Change in cash and cash equivalents | (31,262) | (3,374) | (34,636) |
| VI Cash and cash equivalents at beginning of the period | 280,176 | 9,608 | 289,784 |
| VII Increase due to inclusion in consolidation | 3 | – | 3 |
| VIII Cash and cash equivalents at end of the period | ¥ 248,917 | ¥ 6,234 | ¥ 255,151 |

Note: Net changes in short-term borrowings in the automobile and eliminations segment is presented after the elimination of loans to the sales finance segment in the amount of ¥78,310 million.

***For the year ended March 31, 2005***

| | Automobile | Sales finance | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **I. Sales and operating income** | | | | | |
| Net sales: | | | | | |
| (1) Sales to third parties | ¥ 8,177,841 | ¥ 398,436 | ¥ 8,576,277 | – | ¥ 8,576,277 |
| (2) Inter-area sales and transfers | 23,742 | 13,509 | 37,251 | ¥ (37,251) | – |
| Total sales | 8,201,583 | 411,945 | 8,613,528 | (37,251) | 8,576,277 |
| Operating expenses | 7,429,760 | 338,388 | 7,768,148 | (53,031) | 7,715,117 |
| Operating income | ¥ 771,823 | ¥ 73,557 | ¥ 845,380 | ¥ 15,780 | ¥ 861,160 |
| **II. Assets, depreciation and capital expenditures** | | | | | |
| Total assets | ¥ 6,646,594 | ¥ 4,596,322 | ¥11,242,916 | ¥ (1,394,393) | ¥ 9,848,523 |
| Depreciation | ¥ 349,163 | ¥ 176,763 | ¥ 525,926 | – | ¥ 525,926 |
| Capital expenditures | ¥ 469,283 | ¥ 582,468 | ¥ 1,051,751 | – | ¥ 1,051,751 |

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

2. The major products in each business segment are as follows:

(1) Automobile .............passenger cars, trucks, buses, forklifts, parts for manufacturing in overseas countries and other

(2) Sales finance ...........credit, leases and other

3. Consolidated financial statements by business segment for the year ended March 31, 2005

- Amounts in the sales finance segment represent the aggregate of the figures of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA), NRF Mexico (Mexico), NR Wholesale Mexico (Mexico), ESARA, S.A. De C.V. (Mexico) and sales finance business of Nissan Canada Finance Inc. (Canada).

- Amounts in the automobile segment represent the differences between the consolidated totals and those for the sales finance segment.

(1) Summarized consolidated balance sheets by business segment

| | As of March 31, 2005 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| **Assets** | | | |
| I Current assets | | | |
| Cash on hand and in banks | ¥ 288,208 | ¥ 12,066 | ¥ 300,274 |
| Notes and accounts receivable | 537,912 | 117 | 538,029 |
| Sales finance receivables | (216,218) | 3,243,006 | 3,026,788 |
| Inventories | 702,534 | 5,528 | 708,062 |
| Other current assets | 376,025 | 190,216 | 566,241 |
| Total current assets | 1,688,461 | 3,450,933 | 5,139,394 |
| II Fixed assets | | | |
| Property, plant and equipment, net | 2,774,719 | 1,022,228 | 3,796,947 |
| Investment securities | 361,632 | 289 | 361,921 |
| Other fixed assets | 426,338 | 122,872 | 549,210 |
| Total fixed assets | 3,562,689 | 1,145,389 | 4,708,078 |
| III Deferred charges | | | |
| Discounts on bonds | 1,051 | – | 1,051 |
| Total deferred charges | 1,051 | – | 1,051 |
| Total assets | ¥ 5,252,201 | ¥ 4,596,322 | ¥ 9,848,523 |
| **Liabilities** | | | |
| I Current liabilities | | | |
| Trade notes and accounts payable | ¥ 916,820 | ¥ 22,966 | ¥ 939,786 |
| Short-term borrowings | (609,468) | 2,535,086 | 1,925,618 |
| Lease obligations | 57,416 | 916 | 58,332 |
| Other current liabilities | 968,189 | 82,789 | 1,050,978 |
| Total current liabilities | 1,332,957 | 2,641,757 | 3,974,714 |
| II Long-term liabilities | | | |
| Bonds | 320,602 | 172,523 | 493,125 |
| Long-term borrowings | 209,291 | 1,164,213 | 1,373,504 |
| Lease obligations | 96,544 | – | 96,544 |
| Other long-term liabilities | 914,039 | 274,146 | 1,188,185 |
| Total long-term liabilities | 1,540,476 | 1,610,882 | 3,151,358 |
| Total liabilities | 2,873,433 | 4,252,639 | 7,126,072 |
| **Minority interests** | | | |
| Minority interests | 256,656 | 45 | 256,701 |
| **Shareholders' equity** | | | |
| I Common stock | 517,260 | 88,554 | 605,814 |
| II Capital surplus | 774,403 | 30,067 | 804,470 |
| III Retained earnings and unrealized holding gain on securities | 1,494,766 | 227,688 | 1,722,454 |
| IV Translation adjustments | (397,428) | (2,671) | (400,099) |
| V Treasury stock | (266,889) | – | (266,889) |
| Total shareholders' equity | 2,122,112 | 343,638 | 2,465,750 |
| Total liabilities, minority interests and shareholders' equity | ¥ 5,252,201 | ¥ 4,596,322 | ¥ 9,848,523 |

Notes: 1. Sales finance receivables in the automobile and eliminations segment represent eliminations resulting from the inter-group loans relating to inventory purchasing made by the sales finance segment.

2. Borrowings in the automobile and eliminations segment are presented after the elimination of loans to the sales finance segment in the amount of ¥973,169 million.

(2) Summarized consolidated statements of income by business segment

| | For the year ended March 31, 2005 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| Net sales | ¥8,164,332 | ¥411,945 | ¥8,576,277 |
| Cost of sales | 6,094,196 | 257,073 | 6,351,269 |
| Gross profit | 2,070,136 | 154,872 | 2,225,008 |
| Operating income as a percentage of net sales | 9.6% | 17.9% | 10.0% |
| Operating income | 787,603 | 73,557 | 861,160 |
| Financial income/expenses, net | (10,371) | (11) | (10,382) |
| Other non-operating income/expenses, net | 4,910 | 12 | 4,922 |
| Ordinary income | 782,142 | 73,558 | 855,700 |
| Income before income taxes and minority interests | 720,764 | 72,469 | 793,233 |
| Net income | ¥ 472,680 | ¥ 39,601 | ¥ 512,281 |

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

| | For the year ended March 31, 2005 | | |
|---|---|---|---|
| | Automobile and eliminations | Sales finance | Consolidated |
| I Cash flows from operating activities | | | |
| Income before income taxes and minority interests | ¥ 720,764 | ¥ 72,469 | ¥ 793,233 |
| Depreciation and amortization | 349,163 | 176,763 | 525,926 |
| Decrease (increase) in sales finance receivables | 17,131 | (811,480) | (794,349) |
| Others | (207,813) | 52,418 | (155,395) |
| Net cash provided by (used in) operating activities | 879,245 | (509,830) | 369,415 |
| II Cash flows from investing activities | | | |
| Proceeds from sales of investment securities | 10,285 | 510 | 10,795 |
| Proceeds from sales of property, plant and equipment | 71,256 | – | 71,256 |
| Purchases of fixed assets | (453,357) | (7,789) | (461,146) |
| Purchases of leased vehicles | (15,926) | (574,679) | (590,605) |
| Proceeds from sales of leased vehicles | 16,143 | 157,669 | 173,812 |
| Others | (79,115) | 9,968 | (69,147) |
| Net cash used in investing activities | (450,714) | (414,321) | (865,035) |
| III Cash flows from financing activities | | | |
| Net increase in short-term borrowings | 174,500 | 491,691 | 666,191 |
| Change in long-term borrowings | (391,244) | 296,551 | (94,693) |
| Increase in bonds and debentures | – | 140,663 | 140,663 |
| Others | (191,998) | 883 | (191,115) |
| Net cash (used in) provided by financing activities | (408,742) | 929,788 | 521,046 |
| IV Effect of exchange rate changes on cash and cash equivalents | 4,427 | (58) | 4,369 |
| V Changes in cash and cash equivalents | 24,216 | 5,579 | 29,795 |
| VI Cash and cash equivalents at beginning of the year | 190,135 | 4,029 | 194,164 |
| VII Increase due to inclusion in consolidation | 65,825 | – | 65,825 |
| VIII Cash and cash equivalents at end of the year | ¥ 280,176 | ¥ 9,608 | ¥ 289,784 |

Note: Net increase in short-term borrowings in the automobile and eliminations segment are presented after the elimination of loans to the sales finance segment in the amount of ¥133,114 million.

Geographical Segment Information

***For the six months ended September 30, 2004***

| | Japan | North America | Europe | Other foreign countries | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| Net sales: | | | | | | | |
| (1) Sales to third parties | ¥1,144,232 | ¥1,728,348 | ¥621,924 | ¥513,438 | ¥4,007,942 | – | ¥4,007,942 |
| (2) Inter-area sales | 985,697 | 31,182 | 20,612 | 1,704 | 1,039,195 | ¥(1,039,195) | – |
| Total | 2,129,929 | 1,759,530 | 642,536 | 515,142 | 5,047,137 | (1,039,195) | 4,007,942 |
| Operating expenses | 1,967,486 | 1,566,360 | 623,192 | 486,058 | 4,643,096 | (1,038,591) | 3,604,505 |
| Operating income | ¥ 162,443 | ¥ 193,170 | ¥ 19,344 | ¥ 29,084 | ¥ 404,041 | ¥ (604) | ¥ 403,437 |

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

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

(1) North America...........The United States, Canada, and Mexico

(2) Europe.......................France, the United Kingdom, Spain and other European countries

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

***For the six months ended September 30, 2005***

| | Japan | North America | Europe | Other foreign countries | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| Net sales: | | | | | | | |
| (1) Sales to third parties | ¥1,327,895 | ¥1,855,923 | ¥691,071 | ¥616,086 | ¥4,490,975 | – | ¥4,490,975 |
| (2) Inter-area sales | 1,044,535 | 54,080 | 34,658 | 5,527 | 1,138,800 | ¥(1,138,800) | – |
| Total | 2,372,430 | 1,910,003 | 725,729 | 621,613 | 5,629,775 | (1,138,800) | 4,490,975 |
| Operating expenses | 2,173,047 | 1,744,637 | 707,543 | 588,286 | 5,213,513 | (1,134,076) | 4,079,437 |
| Operating income | ¥ 199,383 | ¥ 165,366 | ¥ 18,186 | ¥ 33,327 | ¥ 416,262 | ¥ (4,724) | ¥ 411,538 |

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

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

(1) North America...........The United States, Canada, and Mexico

(2) Europe.......................France, the United Kingdom, Spain and other European countries

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

***For the year ended March 31, 2005***

| | Japan | North America | Europe | Other foreign countries | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| I. Sales and operating income<br>Net sales:<br>1. Sales to third parties | ¥2,556,683 | ¥3,726,456 | ¥1,254,007 | ¥1,039,131 | ¥ 8,576,277 | – | ¥8,576,277 |
| 2. Inter-area sales and transfers | 1,981,104 | 81,794 | 51,109 | 7,622 | 2,121,629 | ¥(2,121,629) | – |
| Total Sales | 4,537,787 | 3,808,250 | 1,305,116 | 1,046,753 | 10,697,906 | (2,121,629) | 8,576,277 |
| Operating expenses | 4,196,667 | 3,392,676 | 1,249,110 | 996,529 | 9,834,982 | (2,119,865) | 7,715,117 |
| Operating income | ¥ 341,120 | ¥ 415,574 | ¥ 56,006 | ¥ 50,224 | ¥ 862,924 | ¥ (1,764) | ¥ 861,160 |
| II. Total assets | ¥5,590,397 | ¥4,714,272 | ¥ 799,778 | ¥ 637,065 | ¥11,741,512 | ¥(1,892,989) | ¥9,848,523 |

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

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

(1) North America...........The United States, Canada, and Mexico

(2) Europe.......................France, the United Kingdom, Spain and other European countries

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

Overseas Sales

***For the six months ended September 30, 2004***

| | North America | Europe | Other foreign countries | Total |
|---|---|---|---|---|
| I Overseas sales | ¥1,697,970 | ¥607,682 | ¥685,597 | ¥2,991,249 |
| II Consolidated net sales | | | | 4,007,942 |
| III Overseas sales as a percentage of consolidated net sales | 42.3% | 15.2% | 17.1% | 74.6% |

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

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

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

(1) North America...........The United States, Canada, and Mexico

(2) Europe.......................France, the United Kingdom, Spain, and other European countries

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

***For the six months ended September 30, 2005***

| | North America | Europe | Other foreign countries | Total |
|---|---|---|---|---|
| I Overseas sales | ¥1,811,634 | ¥698,255 | ¥816,630 | ¥3,326,519 |
| II Consolidated net sales | | | | 4,490,975 |
| III Overseas sales as a percentage of consolidated net sales | 40.3% | 15.6% | 18.2% | 74.1% |

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

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

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

(1) North America...........The United States, Canada, and Mexico

(2) Europe.......................France, the United Kingdom, Spain and other European countries

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

***For the year ended March 31, 2005***

| | North America | Europe | Other foreign countries | Total |
|---|---|---|---|---|
| I Overseas sales | ¥3,662,436 | ¥1,269,204 | ¥1,401,592 | ¥6,333,232 |
| II Consolidated net sales | | | | 8,576,277 |
| III Overseas sales as a percentage of consolidated net sales | 42.7% | 14.8% | 16.3% | 73.8% |

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

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

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

(1) North America...........The United States, Canada, and Mexico

(2) Europe.......................France, the United Kingdom, Spain and other European countries

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

Amounts Per Share

| For the six months ended September 30, 2004 | | For the six months ended September 30, 2005 | | For the year ended March 31, 2005 | |
|---|---|---|---|---|---|
| Net assets per share | ¥550.94 | Net assets per share | ¥666.51 | Net assets per share | ¥604.49 |
| Basic net income per share | ¥ 58.30 | Basic net income per share | ¥ 56.69 | Basic net income per share | ¥125.16 |
| Diluted net income per share | ¥ 57.73 | Diluted net income per share | ¥ 56.25 | Diluted net income per share | ¥124.01 |

Note: Basic net income per share and diluted net income per share are calculated based on the following:

| | For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|---|
| Basic net income per share<br>Net income (Millions of yen) | ¥238,808 | ¥230,702 | ¥512,281 |
| Amount not attributable to common shareholders (Millions of yen) | – | – | 402 |
| (Directors' bonuses as an appropriation of retained earnings) | – | – | 402 |
| Net income attributable to shares of common stock (Millions of yen) | ¥238,808 | ¥230,702 | ¥511,879 |
| Average number of shares during the period (Thousands) | 4,095,975 | 4,069,364 | 4,089,872 |
| Diluted net income per share<br>Increase in shares of common stock (Thousands) | 40,823 | 31,868 | 37,898 |
| (Exercise of warrants) | 38,275 | 29,653 | 35,551 |
| (Exercise of stock subscription rights) | 2,548 | 2,215 | 2,347 |
| Securities excluded from the computation of diluted net income per share because they do not have dilutive effect. | 2nd Stock Subscription Rights (128,500 options)<br>Refer to "Status of Stock Subscription Rights" for a summary. | 3rd Stock Subscription Rights (131,500 options)<br>Refer to "Status of Stock Subscription Rights" for a summary. | 2nd Stock Subscription Rights (127,700 options)<br>Refer to "Status of Stock Subscription Rights" for a summary. |

## Significant Subsequent Events

<table>
<tr><th>For the six months ended September 30, 2004</th><th>For the six months ended September 30, 2005</th><th>For the year ended March 31, 2005</th></tr>
<tr>
<td>The Company decided, at a meeting of the directors held on November 30, 2004, to accept the entire new issue of stocks allotted to a third party by Calsonic Kansei Corporation. As a result of this subscription, the Company's ratio of shareholding will change from 27.6% to 41.7%. An overview of the subscription to the new issue of stocks is as follows:<br><br>1 Number of shares subscribed<br>52,000,000 shares of common stock<br><br>2 Subscription price<br>¥788 per one share<br><br>3 Subscription amount<br>¥40,456 million<br><br>4 Due date of payment<br>January 11, 2005</td>
<td>___________</td>
<td>I On April 15, 2005, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors and employees of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 105th annual general meeting of the Company's shareholders held on June 23, 2004.<br><br>A outline of these stock subscription rights is as follows:<br><br>1) Name of stock subscription rights:<br>Nissan Motor Co., Ltd. 3rd stock subscription rights<br><br>2) Types and number of shares to be issued upon exercise of stock subscription rights:<br>13,395,000 shares of common stock of the Company<br>One unit of new stock subscription rights comprises 100 shares<br><br>3) Aggregate number of units of stock subscription rights to be issued:<br>133,950 units<br><br>If the total number of applications for stock subscription rights does not reach 133,950, the total number of stock subscription rights for which applications have been submitted shall be the total number of stock subscription rights to be issued.<br><br>4) Issue price of each stock subscription right and date of issuance:<br><br>Each stock subscription right is to be issued free of charge.<br><br>The date of issuance of the stock subscription rights shall be April 25, 2005.<br><br>5) Exercise price:<br>Per unit: ¥111,900<br>Per share: ¥ 1,119<br><br>6) The directors, employees and stock subscription rights are summarized as follows:
<table>
<tr><th>Category</th><th>Number of recipients</th><th>Number of rights issued</th></tr>
<tr><td>The Company's employees</td><td>630</td><td>115,900</td></tr>
<tr><td>Directors of domestic subsidiaries</td><td>90</td><td>17,450</td></tr>
<tr><td>Employees of domestic subsidiaries</td><td>4</td><td>600</td></tr>
<tr><td>Total</td><td>724</td><td>133,950</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><th>For the six months ended September 30, 2004</th><th>For the six months ended September 30, 2005</th><th>For the year ended March 31, 2005</th></tr>
<tr><td></td><td></td><td>
II On June 2, 2005 and June 15, 2005, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows:<br><br>
1
<table>
<tr><td>(1) Name</td><td>43rd unsecured bonds</td></tr>
<tr><td>(2) Principal</td><td>¥50,000 million</td></tr>
<tr><td>(3) Interest rate</td><td>0.400% per annum</td></tr>
<tr><td>(4) Issue price</td><td>¥99.99 for a par value of ¥100</td></tr>
<tr><td>(5) Maturity</td><td>June 20, 2008</td></tr>
<tr><td>(6) Due for proceeds</td><td>June 2, 2005</td></tr>
<tr><td>(7) Use of proceeds</td><td>For the payment of unfunded obligations under the retirement benefit plans (Note)</td></tr>
</table>
2
<table>
<tr><td>(1) Name</td><td>44th unsecured bonds</td></tr>
<tr><td>(2) Principal</td><td>¥128,000 million</td></tr>
<tr><td>(3) Interest rate</td><td>0.710% per annum</td></tr>
<tr><td>(4) Issue price</td><td>¥99.96 for a par value of ¥100</td></tr>
<tr><td>(5) Maturity</td><td>June 21, 2010</td></tr>
<tr><td>(6) Due for proceeds</td><td>June 2, 2005</td></tr>
<tr><td>(7) Use of proceeds</td><td>For the payment of unfunded obligations under the retirement benefit plans (Note)</td></tr>
</table>
3
<table>
<tr><td>(1) Name</td><td>45th unsecured bonds</td></tr>
<tr><td>(2) Principal</td><td>¥50,000 million</td></tr>
<tr><td>(3) Interest rate</td><td>0.620% per annum</td></tr>
<tr><td>(4) Issue price</td><td>At par</td></tr>
<tr><td>(5) Maturity</td><td>October 15, 2009</td></tr>
<tr><td>(6) Due for proceeds</td><td>June 15, 2005</td></tr>
<tr><td>(7) Use of proceeds</td><td>For the payment of unfunded obligations under retirement benefit plans (Note)</td></tr>
</table>
Note: The Company and certain consolidated subsidiaries plan to modify their retirement benefit plans in July 2005 and to implement new defined benefit plans and defined contribution plans. In this connection, the Company and certain consolidated subsidiaries intend to eliminate the unfunded obligations under their tax-qualified retirement benefit plans for the purpose of ensuring the sound financial position of these plans, achieving stable retirement benefit plans, and reducing the administration costs relating to the plans.
</td></tr>
</table>

(2) Other

Not applicable.

Semiannual Non-Consolidated Financial Statements

## (1) Semiannual Non-Consolidated Financial Statements

### ① Non-Consolidated Balance Sheets

| Accounts | Notes | As of September 30, 2004 | | | As of September 30, 2005 | | | As of March 31, 2005 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) |
| **Assets** | | | | | | | | | | |
| I Current assets | | | | | | | | | | |
| 1. Cash on hand and in banks | | 91,799 | | | 73,062 | | | 74,425 | | |
| 2. Trade notes receivable | | 67 | | | 390 | | | 48 | | |
| 3. Trade accounts receivable | | 297,209 | | | 404,905 | | | 311,098 | | |
| 4. Finished products | | 78,071 | | | 84,180 | | | 70,553 | | |
| 5. Other inventories | | 58,113 | | | 70,892 | | | 56,198 | | |
| 6. Short-term loans receivable from subsidiaries and affiliates | | 922,041 | | | 739,675 | | | 895,762 | | |
| 7. Other current assets | | 177,278 | | | 183,968 | | | 168,397 | | |
| 8. Allowance for doubtful receivables | | (23,917) | | | (28,506) | | | (30,716) | | |
| Total current assets | | | 1,600,664 | 40.4 | | 1,528,569 | 38.6 | | 1,545,768 | 38.8 |
| II Fixed assets | | | | | | | | | | |
| 1. Property, plant and equipment | *1 | | | | | | | | | |
| (1) Buildings | | 152,302 | | | 165,820 | | | 159,596 | | |
| (2) Machinery and equipment | | 196,588 | | | 215,736 | | | 211,950 | | |
| (3) Land | | 148,259 | | | 133,927 | | | 144,289 | | |
| (4) Other | | 201,959 | | | 213,249 | | | 232,937 | | |
| Total tangible fixed assets | | 699,110 | | | 728,734 | | | 748,773 | | |
| 2. Intangible fixed assets | | 40,483 | | | 43,328 | | | 45,546 | | |
| 3. Investments and other assets | | | | | | | | | | |
| (1) Investment securities | | 14,356 | | | 19,043 | | | 19,388 | | |
| (2) Investments in subsidiaries and affiliates | *2 | 1,443,380 | | | 1,490,629 | | | 1,486,014 | | |
| (3) Long-term loans receivable | | 2,007 | | | 1,509 | | | 1,855 | | |
| (4) Other assets | | 158,172 | | | 138,425 | | | 132,214 | | |
| (5) Allowance for doubtful receivables | | (167) | | | (144) | | | (191) | | |
| Total investments and other assets | | 1,617,749 | | | 1,649,462 | | | 1,639,281 | | |
| Total fixed assets | | | 2,357,343 | 59.5 | | 2,421,525 | 61.3 | | 2,433,601 | 61.1 |
| III Deferred charges | | | | | | | | | | |
| Discounts on bonds | | 3,067 | | | 2,071 | | | 2,544 | | |
| Total deferred charges | | | 3,067 | 0.1 | | 2,071 | 0.1 | | 2,544 | 0.1 |
| Total assets | | | 3,961,075 | 100.0 | | 3,952,166 | 100.0 | | 3,981,914 | 100.0 |

| Accounts | Notes | As of September 30, 2004 Amounts (Millions of yen) | | Ratio (%) | As of September 30, 2005 Amounts (Millions of yen) | | Ratio (%) | As of March 31, 2005 Amounts (Millions of yen) | | Ratio (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | |
| I Current liabilities | | | | | | | | | | |
| 1. Trade notes payable | | 159 | | | 580 | | | 121 | | |
| 2. Trade accounts payable | | 440,747 | | | 439,174 | | | 482,304 | | |
| 3. Short-term borrowings | | 188,005 | | | 261,320 | | | 272,036 | | |
| 4. Commercial paper | | - | | | 316,000 | | | 110,000 | | |
| 5. Current portion of bonds and debentures | | 281,800 | | | 145,000 | | | 205,800 | | |
| 6. Accrued expenses | | 165,913 | | | 207,542 | | | 226,874 | | |
| 7. Income taxes payable | | 30,304 | | | 41,382 | | | 24,349 | | |
| 8. Stock subscription rights | | 5,027 | | | 4,284 | | | 4,785 | | |
| 9. Accrual for warranty costs | | 25,828 | | | 26,883 | | | 26,271 | | |
| 10. Lease obligations | | 27,715 | | | 36,394 | | | 38,877 | | |
| 11. Other current liabilities | | 247,924 | | | 103,954 | | | 138,288 | | |
| Total current liabilities | | | 1,413,425 | 35.7 | | 1,582,518 | 40.1 | | 1,529,709 | 38.4 |
| II Long-term liabilities | | | | | | | | | | |
| 1. Bonds and debentures | | 295,000 | | | 393,000 | | | 265,000 | | |
| 2. Bonds with stock subscription rights | | 112,800 | | | 97,800 | | | 97,800 | | |
| 3. Long-term borrowings | | 95,854 | | | 86,028 | | | 87,566 | | |
| 4. Accrual for warranty costs | | 40,397 | | | 44,251 | | | 43,676 | | |
| 5. Accrued retirement benefits | | 238,077 | | | 35,357 | | | 231,974 | | |
| 6. Lease obligations | | 32,748 | | | 26,626 | | | 38,785 | | |
| 7. Other long-term liabilities | | 1,828 | | | 1,021 | | | 1,508 | | |
| Total long-term liabilities | | | 816,705 | 20.6 | | 684,084 | 17.3 | | 766,311 | 19.3 |
| Total liabilities | | | 2,230,131 | 56.3 | | 2,266,602 | 57.4 | | 2,296,021 | 57.7 |
| **Shareholders' equity** | | | | | | | | | | |
| I Common stock | | | 605,813 | 15.3 | | 605,813 | 15.3 | | 605,813 | 15.2 |
| II Capital surplus | | | | | | | | | | |
| Additional paid-in capital | | 804,470 | | | 804,470 | | | 804,470 | | |
| Total capital surplus | | | 804,470 | 20.3 | | 804,470 | 20.3 | | 804,470 | 20.2 |
| III Retained earnings | | | | | | | | | | |
| 1. Legal reserve | | 53,838 | | | 53,838 | | | 53,838 | | |
| 2. General reserve | | 75,542 | | | 79,335 | | | 75,542 | | |
| 3. Unappropriated retained earnings | | 322,737 | | | 298,779 | | | 295,795 | | |
| Total retained earnings | | | 452,119 | 11.4 | | 431,954 | 10.9 | | 425,177 | 10.7 |
| IV Unrealized holding gain on securities | | | 4,165 | 0.1 | | 6,875 | 0.2 | | 5,108 | 0.1 |
| V Treasury stock | | | (135,624) | (3.4) | | (163,549) | (4.1) | | (154,676) | (3.9) |
| Total shareholders' equity | | | 1,730,943 | 43.7 | | 1,685,563 | 42.6 | | 1,685,893 | 42.3 |
| Total liabilities and shareholders' equity | | | 3,961,075 | 100.0 | | 3,952,166 | 100.0 | | 3,981,914 | 100.0 |

## ② Non-Consolidated Statements of Income

| Accounts | Notes | For the six months ended September 30, 2004 | | | For the six months ended September 30, 2005 | | | For the year ended March 31, 2005 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) | Amounts (Millions of yen) | | Ratio (%) |
| I Net sales | | | 1,731,397 | 100.0 | | 1,903,358 | 100.0 | | 3,718,720 | 100.0 |
| II Cost of sales | | | 1,421,388 | 82.1 | | 1,555,788 | 81.7 | | 3,072,398 | 82.6 |
| Gross profit | | | 310,008 | 17.9 | | 347,569 | 18.3 | | 646,322 | 17.4 |
| III Selling, general and administrative expenses | | | 184,681 | 10.7 | | 204,157 | 10.8 | | 414,557 | 11.2 |
| Operating income | | | 125,327 | 7.2 | | 143,411 | 7.5 | | 231,764 | 6.2 |
| IV Non-operating income | *1 | | 4,813 | 0.3 | | 6,909 | 0.4 | | 8,827 | 0.3 |
| V Non-operating expenses | *2 | | 20,900 | 1.2 | | 32,859 | 1.7 | | 36,880 | 1.0 |
| Ordinary income | | | 109,240 | 6.3 | | 117,461 | 6.2 | | 203,711 | 5.5 |
| VI Special gains | *3 | | 17,870 | 1.0 | | 7,288 | 0.3 | | 40,318 | 1.1 |
| VII Special losses | *4, *5 | | 36,246 | 2.1 | | 36,968 | 1.9 | | 91,985 | 2.5 |
| Income before income taxes | | | 90,864 | 5.2 | | 87,782 | 4.6 | | 152,044 | 4.1 |
| Corporate, inhabitants' and enterprise taxes | | 40,274 | | | 43,743 | | | 57,215 | | |
| Income taxes – deferred | | (23,374) | 16,899 | 0.9 | (20,666) | 23,076 | 1.2 | (7,586) | 49,628 | 1.3 |
| Net income | | | 73,964 | 4.3 | | 64,705 | 3.4 | | 102,415 | 2.8 |
| Retained earnings at beginning of the period | | | 250,845 | | | 239,059 | | | 250,845 | |
| Loss on disposal of treasury stock | | | 2,072 | | | 4,984 | | | 4,700 | |
| Interim dividends | | | – | | | – | | | 52,765 | |
| Retained earnings at end of the period | | | 322,737 | | | 298,779 | | | 295,795 | |

## Significant Accounting Policies

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| 1 Method of valuation of assets<br>(1) Inventories<br>Inventories are stated at the lower of cost or market, cost being determined by the FIFO method.<br>(2) Securities<br>Held-to-maturity securities:<br>Held-to-maturity securities are stated at amortized cost (Straight-line method).<br>Equity securities issued by subsidiaries and affiliates<br>Equity securities issued by subsidiaries and affiliates are carried at cost determined by the moving average method.<br>Other securities:<br>Marketable securities:<br>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 shareholders' equity. Cost of securities sold is calculated by the moving average method.<br>Non-marketable securities:<br>Non-marketable securities classified as other securities are carried at cost determined by the moving average method.<br>(3) Derivatives<br>Derivatives are carried at fair value except for forward foreign exchange contracts entered in order to hedge receivables and payables denominated in foreign currencies. | 1 Method of valuation of assets<br>(1) Inventories<br>Same as on the left<br>(2) Securities<br>Held-to-maturity securities:<br>Same as on the left<br>Equitysecurities issued by subsidiaries and affiliates<br>Sam as on the left<br>Other securities:<br>Marketable securities:<br>Same as on the left<br>Non-marketable securities:<br>Same as on the left<br>(3) Derivatives<br>Derivatives are carried at fair value. | 1 Method of valuation of assets<br>(1) Inventories<br>Same as on the left<br>(2) Securities<br>Held-to-maturity securities:<br>Same as on the left<br>Equiy securities issued by subsidiaries and affiliates<br>Same as on the left<br>Other securities:<br>Marketable securities:<br>Same as on the left<br>Non-marketable securities:<br>Same as on the left<br>(3) Derivatives<br>Derivatives are carried at fair value except for forward foreign exchange contracts entered in order to hedge receivables and payables denominated in foreign currencies. |
| 2 Depreciation and amortization of fixed assets<br>(1) Property, plant and equipment<br>Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives and the residual value determined by the Company.<br>(Immaterial depreciable assets)<br>Assets whose acquisition costs range from ¥100 thousand to ¥200 thousand are depreciated evenly for 3 years based on the Japanese Income Tax laws.<br>(2) Intangible fixed assets<br>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 lives (5years). | 2 Depreciation and amortization of fixed assets<br>(1) Property, plant and equipment<br>Same as on the left<br>(Immaterial depreciable assets)<br>Same as on the left<br>(2) Intangible fixed assets<br>Same as on the left | 2 Depreciation and amortization of fixed assets<br>(1) Property, plant and equipment<br>Same as on the left<br>(Immaterial depreciable assets)<br>Same as on the left<br>(2) Intangible fixed assets<br>Same as on the left |

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| 3 Basis for reserves<br>(1) Allowance for doubtful accounts<br>Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivable from companies in experiencing financial difficulties.<br>(2) Accrual for warranty costs<br>An accrual for warranty costs is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the terms of the various warranty contracts based on historical experience.<br>(3) Accrued retirement benefits<br>Accrued retirement benefits are provided at an amount calculated based on the estimated retirement benefit obligation and the fair estimated value of the pension plan assets at the end of the current period<br>The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.<br>Prior service cost is being amortized as incurred by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees.<br>Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees. | 3 Basis for reserves<br>(1) Allowance for doubtful accounts<br>Same as on the left<br>(2) Accrual for warranty costs<br>Same as on the left<br>(3) Accrued retirement benefits<br>Same as on the left | 3 Basis for reserves<br>(1) Allowance for doubtful accounts<br>Same as on the left<br>(2) Accrual for warranty costs<br>Same as on the left<br>(3) Accrued retirement benefits<br>Accrued retirement benefits are provided 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.<br>The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.<br>Prior service cost is being amortized as incurred by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees.<br>Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over certain periods which are shorter than the average remaining years of service of the eligible employees. |
| 4 Foreign currency translation<br>Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the semiannual balance sheet date, and differences arising from the translation are charged or credited to income. | 4 Foreign currency translation<br>Same as on the left | 4 Foreign currency translation<br>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. |
| 5 Lease accounting<br>Noncancelable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. | 5 Lease accounting<br>Same as on the left | 5 Lease accounting<br>Same as on the left |

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| 6 Hedge accounting<br>(1) Hedge accounting<br>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.<br>When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies and if they qualify as hedges, such receivables and payables are recorded at the contract rates.<br>(2) Hedging instruments and hedged items<br>• Hedging instruments<br>Derivative transactions<br>• Hedged items<br>Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation.<br>(3) Hedging policy<br>It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.<br>(4) Assessment of hedge effectiveness<br>Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the underlying hedged items.<br>(5) Risk management policy with respect to hedge accounting<br>The Company manages its derivatives transactions in accordance with its internal "Policies and Procedures for Risk Management." | 6 Hedge accounting<br>(1) Hedge accounting<br>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.<br>(2) Hedging instruments and hedged items<br>• Hedging instruments<br>Derivative transactions<br>• Hedged items<br>Hedged items are primarily forecasted sales denominated in foreign currencies.<br>(3) Hedging policy<br>Same as on the left<br>(4) Assessment of hedge effectiveness<br>Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.<br>(5) Risk management policy with respect to hedge accounting<br>Same as on the left | 6 Hedge accounting<br>(1) Hedge accounting<br>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.<br>When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies and if they qualify as hedges, such receivables and payables are recorded at the contract rates.<br>(2) Hedging instruments and hedged items<br>• Hedging instruments<br>Derivative transactions<br>• Hedged items<br>Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation.<br>(3) Hedging policy<br>Same as on the left<br>(4) Assessment of hedge effectiveness<br>Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the underlying hedged items.<br>(5) Risk management policy with respect to hedge accounting<br>Same as on the left |
| 7 Other significant accounting policies<br>Accounting for consumption taxes:<br>Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. | 7 Other significant accounting policies<br>Accounting for consumption taxes:<br>Same as on the left | 7 Other significant accounting policies<br>Accounting for consumption taxes:<br>Same as on the left |

## Changes in Accounting Policies

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| Classification of Freight and Shipping Costs<br><br>Until the year ended March 31, 2004, freight and shipping costs were included in selling, general and administrative expenses. Effective April 1, 2004, the Company began to account for the freight and shipping costs as cost of sales. This change was made in order to achieve a better matching of revenues and expenses and to present gross profit more accurately by including the freight and shipping costs in cost of sales as shipping costs to export parts to be used for manufacturing overseas have increased due to the expansion of manufacturing activities outside Japan.<br><br>The effect of this change was to increase cost of sales by ¥42,907 million and to decrease gross profit and selling, general and administrative expenses by the same amount for the six months ended September 30, 2004. This change had no impact on operating income, ordinary income, income before income taxes or net income for the six months ended September 30, 2004 compared with the corresponding amounts which would have been recorded if the previous method had been followed. | Forward Foreign Exchange Contracts<br><br>Until the year ended March 31, 2005, the Company adopted special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the non-consolidated financial statements at their corresponding contracted rates.<br><br>Effective April 1, 2005, the Company changed its method of accounting for its sales, accounts receivable and forward foreign exchange contracts to the benchmark method. Under this method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences to income, while the forward foreign exchange contracts are carried at fair value.<br><br>This change was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions.<br><br>The effect of this change was to increase sales and operating income by ¥16,478 million and to increase ordinary income and income before income taxes by ¥930 million for the six months ended September 30, 2005 compared with the corresponding amounts which would have been recorded if the previous method had been followed. | Classification of Freight and Shipping Costs<br><br>Until the year ended March 31, 2004, freight and shipping costs were included in selling, general and administrative expenses. Effective April 1, 2004, the Company began to account for the freight and shipping costs as cost of sales. This change was made in order to achieve a better matching of revenues and expenses and to present gross profit more accurately by including the freight and shipping costs in cost of sales as shipping costs to export parts to be used for manufacturing overseas have increased due to the expansion of manufacturing activities outside Japan.<br><br>The effect of this change was to increase cost of sales by ¥88,400 million and to decrease gross profit and selling, general and administrative expenses by the same amount for the year ended March 31, 2005. This change had no impact on operating income, ordinary income, income before income taxes and minority interests or net income for the year ended March 31, 2005 compared with the corresponding amounts which would have been recorded if the previous method had been followed. |
| | Accounting Standard for the Impairment of Fixed Assets<br><br>Effective April 1, 2005, the Company adopted the accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guidelines on the Accounting Standard for Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease income before income taxes by ¥10,047 million for the six months ended September 30, 2005.<br><br>The cumulative impairment losses have been subtracted directly from the respective assets in accordance with the revised "Regulations for Semiannual Non-Consolidated Financial Statements." | |

## Changes in presentation

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 |
| --- | --- |
| ―――――――――― | Semiannual Non-Consolidated Balance Sheet<br>(1) Notes payable<br>"Notes payable for tangible fixed assets" which was previously included in "Current liabilities – Other" at September 30, 2004 has been included in "Notes payable" at September 30, 2005 since the balance of "Notes payable for tangible fixed assets" was not material.<br>"Notes payable for tangible fixed assets" in amounts of ¥77 million and ¥421 million were included in "Current liabilities – Other" at September 30, 2004 and in "Notes payable" at September 30, 2005, respectively.<br>(2) Commercial paper<br>Commercial paper which was included in "Current liabilities – Other" at September 30, 2004 has been presented separately at September 30, 2005 since the amount of commercial paper exceeded 5% of total assets.<br>Commercial paper in the amount of ¥118,000 million was included in "Current liabilities – Other" at September 30, 2004. |

## Notes to Semiannual Non-Consolidated Financial Statements

*All amounts are in millions of yen unless otherwise indicated except for amounts per share.*

### For the Semiannual Non-Consolidated Balance Sheets

#### At September 30, 2004

1. *1 Accumulated depreciation of property, plant and equipment ¥1,294,083

   This balance includes the accumulated depreciation of leased assets in the amount of ¥74,161 million.

2. *2 These assets include the following assets pledged as collateral:

   (1) Assets pledged as collateral:

   Investments in subsidiaries and affiliates ¥10,968

   (2) Liabilities secured by the above collateral:

   Long-term borrowings of subsidiaries and affiliates ¥5,939

3. Guarantees and others

   (1) Guarantees

| Guarantees | Balance of liabilities guaranteed | Description of liabilities guaranteed |
|---|---|---|
| Employees | ¥185,403* | Employees' housing loans |
| Nissan North America Inc. | 91,955 | Loans (Equipment funds) |
| Nissan Motor Acceptance Corp | 38,867 | Loans |
| AG Global Private Ltd. Co. | 25,500 | Loans (The right of pledge established) |
| Nissan Motor Manufacturing (UK) Ltd. | 13,504 | Loans (Equipment funds) |
| 58 Domestic subsidiaries companies | 13,196 | Notes and account payable etc. |
| Nissan Mexicana, S.A. de CV, | 7,287 | Loans (Equipment funds) |
| Nissan International Finance BV | 6,577 | Loans |
| Nippon Amazon Aluminum Co. Ltd. | 55 | Loans |
| Total | ¥382,349 | |

* These loans were fully covered by insurance.

   (2) Commitments to provide guarantees

| Guarantees | Balance of commitments to provide guarantees | Description of commitments |
|---|---|---|
| Hibikinada Development Co. Ltd. | ¥1,435 | Loans |

#### At September 30, 2005

1. *1 Accumulated depreciation of property, plant and equipment ¥1,294,898

   This balance includes the accumulated depreciation of leased assets in the amount of ¥88,463 million.

―――――

2. Guarantees and others

   (1) Guarantees

| Guarantees | Balance of liabilities guaranteed | Description of liabilities guaranteed |
|---|---|---|
| Employees | ¥169,684* | Employees' housing loans |
| Nissan North America Inc. | 88,854 | Loans (Equipment funds) |
| Nissan Motor Acceptance Corp | 32,825 | Loans |
| AG Global Private Ltd. Co. | 25,500 | Loans (The right of pledge established) |
| Nissan Motor Manufacturing (UK) Ltd. | 10,588 | Loans (Equipment funds) |
| 53Domestic subsidiaries companies | 10,535 | Notes and account payable etc. |
| Nissan Mexicana, S.A. de CV, | 5,305 | Loans (Equipment funds) |
| Nissan International Finance BV | 4,667 | Loans |
| Nippon Amazon Aluminum Co. Ltd. | 11 | Loans |
| Total | ¥347,973 | |

* These loans were fully covered by insurance.

   (2) Commitments to provide guarantees

| Guarantees | Balance of commitments to provide guarantees | Description of commitments |
|---|---|---|
| Hibikinada Development Co. Ltd. | ¥1,330 | Loans |

#### At March 31, 2005

1. *1 Accumulated depreciation of property, plant and equipment ¥1,281,775

   This balance includes the accumulated depreciation of leased assets in the amount of ¥73,805 million.

2. *2 These assets include the following assets pledged as collateral:

   (1) Assets pledged as collateral:

   Investments in subsidiaries and affiliates ¥130

   (2) Liabilities secured by the above collateral:

   Long-term borrowings of subsidiaries and affiliates ¥471

3. Guarantees and others

   (1) Guarantees

| Guarantees | Balance of liabilities guaranteed | Description of liabilities guaranteed |
|---|---|---|
| Employees | ¥177,785* | Employees' housing loans |
| Nissan North America Inc. | 85,987 | Loans (Equipment funds) |
| Nissan Motor Acceptance Corp | 34,364 | Loans |
| AG Global Private Ltd. Co. | 25,500 | Loans (The right of pledge established) |
| Nissan Motor Manufacturing (UK) Ltd. | 13,273 | Loans (Equipment funds) |
| 56 Domestic subsidiaries companies | 12,262 | Notes and account payable etc. |
| Nissan Mexicana, S.A. de CV, | 6,040 | Loans (Equipment funds) |
| Nissan International Finance BV | 5,713 | Loans |
| Nippon Amazon Aluminum Co. Ltd. | 16 | Loans |
| Total | ¥360,944 | |

* These loans were fully covered by insurance.

   (2) Commitments to provide guarantees

| Guarantees | Balance of commitments to provide guarantees | Description of commitments |
|---|---|---|
| Hibikinada Development Co. Ltd. | ¥1,416 | Loans |

| At September 30, 2004 | At September 30, 2005 | At March 31, 2005 |
|---|---|---|
| (3) Letters of awareness regarding loans from financial institutions of the following subsidiaries:<br>Name of subsidiaries: Balance of liabilities<br>Nissan Motor Acceptance Corp: ¥5,000<br>Nissan Motor Manufacturing (UK) Ltd.: 3,523<br>Total: ¥8,523 | (3) Letters of awareness regarding loans from financial institutions of the following subsidiaries:<br>Name of subsidiaries: Balance of liabilities<br>Nissan Motor Manufacturing (UK) Ltd.: ¥1,512 | (3) Letters of awareness regarding loans from financial institutions of the following subsidiaries:<br>Name of subsidiaries: Balance of liabilities<br>Nissan Motor Manufacturing (UK) Ltd.: ¥2,686 |
| (4) Letters of awareness regarding sales of trade receivables<br>Total trade receivables sold: ¥50,000<br>Trade receivables from subsidiaries included in the above: ¥19,229 | ―――――――――――― | ―――――――――――― |
| (5) Keep-well Agreements<br>In addition to the items as described above, the Company has entered into keep-well agreements for the purpose of enhancing credits of subsidiaries.<br>Outstanding obligations of each financial subsidiary at the end of September, 2004 are as follows:<br>Name of subsidiaries: Balance of liabilities<br>Nissan Motor Acceptance Corp: ¥1,912,077<br>Nissan Financial Service Co., Ltd: 514,316<br>Nissan Capital of America, Inc.: 49,034<br>Nissan International Finance BV: 20,996<br>Total: ¥2,496,424 | (4) Keep-well Agreements<br>In addition to the items as described above, the Company has entered into keep-well agreements for the purpose of enhancing credits of subsidiaries.<br>Outstanding obligations of each financial subsidiary at the end of September, 2005 are as follows:<br>Name of subsidiaries: Balance of liabilities<br>Nissan Motor Acceptance Corp: ¥2,100,042<br>Nissan Financial Service Co., Ltd: 985,857<br>Nissan International Finance BV: 19,445<br>Total: ¥3,105,344 | (4) Keep-well Agreements<br>In addition to the items as described above, the Company has entered into keep-well agreements for the purpose of enhancing credits of subsidiaries.<br>Outstanding obligations of each financial subsidiary at the end of March, 2005 are as follows:<br>Name of subsidiaries: Balance of liabilities<br>Nissan Motor Acceptance Corp: ¥1,953,332<br>Nissan Financial Service Co., Ltd: 776,854<br>Nissan Capital Of America, Inc.: 43,327<br>Nissan International Finance BV: 19,698<br>Total: ¥2,793,212 |
| 4. Documentary bills discounted with banks: ¥2,530 | 4. Documentary bills discounted with banks: ¥3,621 | 4. Documentary bills discounted with banks: ¥5,301 |
| 5. Consumption tax<br>Consumption taxes paid and received are netted and included in “Other current assets.” | 5. Consumption tax<br>Same as on the left | ―――――――――――― |

## For the Semiannual Non-Consolidated Statements of Income

<table>
<tr><th>For the six months ended<br>September 30, 2004</th><th>For the six months ended<br>September 30, 2005</th><th>For the year ended<br>March 31, 2005</th></tr>
<tr>
<td>1. *1 The main components of non-operating income are as follows:<br>Interest received ¥ 955<br>Dividend income 1,486</td>
<td>1. *1 The main components of non-operating income are as follows:<br>Interest received ¥ 844<br>Dividend income 4,514</td>
<td>1. *1 The main components of non-operating income are as follows:<br>Interest received ¥1,780<br>Dividend income 1,972<br>Rental income 1,385</td>
</tr>
<tr>
<td>2. *2 The main components of non-operating expenses are as follows:<br>Interest paid ¥6,561<br>Amortization of net retirement benefit obligation at transition 4,435</td>
<td>2. *2 The main components of non-operating expenses are as follows:<br>Interest paid ¥5,215<br>Amortization of net retirement benefit obligation at transition 4,231</td>
<td>2. *2 The main components of non-operating expenses are as follows:<br>Interest paid ¥12,264<br>Amortization of net retirement benefit obligation at transition 8,871</td>
</tr>
<tr>
<td>3. *3 The main components of special gains are as follows:<br>Gain on sales of land and buildings ¥ 829<br>Gain on sales of investments in subsidiaries and affiliates 5,072</td>
<td>3. *3 The main components of special gains are as follows:<br>Gain on sales of land ¥ 816<br>Reversal of allowance for doubtful accounts 5,394</td>
<td>3. *3 The main components of special gains are as follows:<br>Gain on sales of land and buildings ¥21,777<br>Gain on sales of investments in subsidiaries and affiliates 5,094<br>Reversal of allowance for doubtful accounts 9,600</td>
</tr>
<tr>
<td>4. *4 The main components of special losses are as follows:<br>Loss on disposal of machinery and equipment ¥ 3,674<br>Loss on devaluation of investments and receivables 11,909<br>Additional research and development costs resulting from revision of related agreements for the prior fiscal year 15,994</td>
<td>4. *4 The main components of special losses are as follows:<br>Loss on disposal of machinery and equipment ¥ 2,668<br>Impairment loss 10,047<br>Loss on sales of investment in subsidiaries and affiliates 6,851<br>Loss on devaluation of investments and receivables 5,679<br>Loss on implementation of defined contribution pension plan 6,852</td>
<td>4. *4 The main components of special losses are as follows:<br>Loss on disposal of machinery and equipment ¥ 6,027<br>Loss on devaluation of investments and receivables 24,219<br>Additional research and development costs resulting from revision of related agreements for the prior fiscal year 15,994<br>Additional costs of co-development contracts with Renault related to prior fiscal years 14,771</td>
</tr>
<tr>
<td>5. Depreciation<br>Property, plant and equipment ¥42,826<br>Intangible fixed assets 6,339<br>Total 49,166<br>(The above figures include the depreciation of ¥17,049 on leased assets.)</td>
<td>5. Depreciation<br>Property, plant and equipment ¥49,979<br>Intangible fixed assets 7,510<br>Total 57,489<br>(The above figures include the depreciation of ¥21,564 for leased assets.)</td>
<td>5. Depreciation<br>Property, plant and equipment ¥ 94,680<br>Intangible fixed assets 13,682<br>Total 108,363<br>(The above figures include depreciation of ¥39,696 on leased assets.)</td>
</tr>
<tr>
<td>―――――――――</td>
<td>6. *5 The following loss on impairment of fixed assets was recorded for the six months ended September 30, 2005:
<table>
<tr><th>Usage</th><th>Description</th><th>Location</th><th>Amount (Millions)</th></tr>
<tr><td>Idle assets</td><td>Land</td><td>Izunokuni, Shizuoka-city</td><td>¥10,047</td></tr>
</table>
The Company determined that the Company, taken as whole, constituted a single group of assets because the Company’s automobile business, mainly consisting of manufacturing and sales of vehicles, generates cash flows as a group. However, The Company determines whether an asset is impaired on an individual asset basis if the asset is either considered idle or is to be disposed of.<br><br>The Company has recognized an impairment loss on certain idle assets due to the significant decline in their market value by reducing their book value to the respective net realizable value of each asset. The resulting loss amounted to ¥10,047 million and has been recorded as a special loss in the accompanying semiannual non-consolidated statements of income. This special loss consisted entirely of an impairment loss on land.<br><br>The net realizable value of each idle asset was measured based on its appraisal value.</td>
<td>―――――――――</td>
</tr>
</table>

## For Lease Transactions

| For the six months ended September 30, 2004 | For the six months ended September 30, 2005 | For the year ended March 31, 2005 |
|---|---|---|
| Lessees' Accounting<br>Operating lease transactions<br>Future minimum lease payments subsequent to September 30, 2004 are summarized as follows:<br>Due in one year or less ¥265<br>Due after one year 610<br>Total ¥876 | Lessees' Accounting<br>Operating lease transactions<br>Future minimum lease payments subsequent to September 30, 2005 are summarized as follows:<br>Due in one year or less ¥210<br>Due after one year 548<br>Total ¥759 | Lessees' Accounting<br>Operating lease transactions<br>Future minimum lease payments subsequent to March 31, 2005 are summarized as follows:<br>Due in one year or less ¥232<br>Due after one year 558<br>Total ¥791 |

## For Securities

Investments in subsidiaries and affiliates whose fair value is determinable

| Type of securities | At September 30, 2004 | | | At September 30, 2005 | | | At March 31, 2005 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Carrying value | Estimated fair value | Unrealized gain (loss) | Carrying value | Estimated fair value | Unrealized gain (loss) | Carrying value | Estimated fair value | Unrealized gain (loss) |
| Subsidiaries' shares | ¥10,981 | ¥ 56,683 | ¥ 45,701 | ¥91,267 | ¥201,620 | ¥110,353 | ¥91,267 | ¥191,260 | ¥ 99,993 |
| Affiliates' shares | 11,435 | 68,118 | 56,682 | 5,815 | 37,911 | 32,096 | 5,815 | 31,791 | 25,976 |
| Total | ¥22,417 | ¥124,801 | ¥102,384 | ¥97,082 | ¥239,531 | ¥142,449 | ¥97,082 | ¥223,052 | ¥125,970 |

## Amounts Per Share

Amounts per share information is omitted because semiannual consolidated financial statements are prepared.

## Significant Subsequent Events

<table>
<tr><th>For the six months ended September 30, 2004</th><th>For the six months ended September 30, 2005</th><th>For the year ended March 31, 2005</th></tr>
<tr>
<td>The Company decided, at a meeting of the directors held on November 30, 2004, to accept the entire new issue of stocks allotted to a third party by Calsonic Kansei Corporation. As a result of this subscription, the Company's ratio of shareholding will change from 27.6% to 41.7%. An overview of the subscription to the new issue of stocks is as follows:<br><br>1 Number of shares subscribed<br>52,000,000 shares of common stock<br><br>2 Subscription price<br>¥788 per one share<br><br>3 Subscription amount<br>¥40,456 million<br><br>4 Due date of payment<br>January 11, 2005</td>
<td>―――――</td>
<td>I On April 15, 2005, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors and employees of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 105th annual general meeting of the Company's shareholders held on June 23, 2004.<br><br>A outline of these stock subscription rights is as follows:<br><br>1) Name of stock subscription rights:<br>Nissan Motor Co., Ltd. 3rd stock subscription rights<br><br>2) Types and number of shares to be issued upon exercise of stock subscription rights:<br>13,395,000 shares of common stock of the Company<br>One unit of new stock subscription rights comprises 100 shares<br><br>3) Aggregate number of units of stock subscription rights to be issued:<br>133,950 units<br><br>If the total number of applications for stock subscription rights does not reach 133,950, the total number of stock subscription rights for which applications have been submitted shall be the total number of stock subscription rights to be issued.<br><br>4) Issue price of each stock subscription right and date of issuance:<br><br>Each stock subscription right is to be issued free of charge.<br><br>The date of issuance of the stock subscription rights shall be April 25, 2005.<br><br>5) Exercise price:<br><br>Per unit: ¥111,900<br>Per share: ¥ 1,119<br><br>6) The directors, employees and stock subscription rights are summarized as follows:<br><br>
<table>
<tr><th>Category</th><th>Number of recipients</th><th>Number of rights issued</th></tr>
<tr><td>The Company's employees</td><td>630</td><td>115,900</td></tr>
<tr><td>Directors of domestic subsidiaries</td><td>90</td><td>17,450</td></tr>
<tr><td>Employees of domestic subsidiaries</td><td>4</td><td>600</td></tr>
<tr><td>Total</td><td>724</td><td>133,950</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><th>For the six months ended September 30, 2004</th><th>For the six months ended September 30, 2005</th><th>For the year ended March 31, 2005</th></tr>
<tr><td></td><td></td><td>
II On June 2, 2005 and June 15, 2005, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows:<br>
1
<table>
<tr><td>(1) Name</td><td>43rd unsecured bonds</td></tr>
<tr><td>(2) Principal</td><td>¥50,000 million</td></tr>
<tr><td>(3) Interest rate</td><td>0.400% per annum</td></tr>
<tr><td>(4) Issue price</td><td>¥99.99 for a par value of ¥100</td></tr>
<tr><td>(5) Maturity</td><td>June 20, 2008</td></tr>
<tr><td>(6) Due for proceeds</td><td>June 2, 2005</td></tr>
<tr><td>(7) Use of proceeds</td><td>For the payment of unfunded obligations under the retirement benefit plans (Note)</td></tr>
</table>
2
<table>
<tr><td>(1) Name</td><td>44th unsecured bonds</td></tr>
<tr><td>(2) Principal</td><td>¥128,000 million</td></tr>
<tr><td>(3) Interest rate</td><td>0.710% per annum</td></tr>
<tr><td>(4) Issue price</td><td>¥99.96 for a par value of ¥100</td></tr>
<tr><td>(5) Maturity</td><td>June 21, 2010</td></tr>
<tr><td>(6) Due for proceeds</td><td>June 2, 2005</td></tr>
<tr><td>(7) Use of proceeds</td><td>For the payment of unfunded obligations under the retirement benefit plans (Note)</td></tr>
</table>
3
<table>
<tr><td>(1) Name</td><td>45th unsecured bonds</td></tr>
<tr><td>(2) Principal</td><td>¥50,000 million</td></tr>
<tr><td>(3) Interest rate</td><td>0.620% per annum</td></tr>
<tr><td>(4) Issue price</td><td>At par</td></tr>
<tr><td>(5) Maturity</td><td>October 15, 2009</td></tr>
<tr><td>(6) Due for proceeds</td><td>June 15, 2005</td></tr>
<tr><td>(7) Use of proceeds</td><td>For the payment of unfunded obligations under retirement benefit plans (Note)</td></tr>
</table>
Note: The Company and certain consolidated subsidiaries plan to modify their retirement benefit plans in July 2005 and to implement new defined benefit plans and defined contribution plans. In this connection, the Company and certain consolidated subsidiaries intend to eliminate the unfunded obligations under their tax-qualified retirement benefit plans for the purpose of ensuring the sound financial position of these plans, achieving stable retirement benefit plans, and reducing the administration costs relating to the plans.
</td></tr>
</table>

(2) Other

Interim cash dividends for the fiscal year ending March 31, 2006 were approved on October 28, 2005 by resolution of the Company's Board of Directors as follows:

(1) Total interim cash dividends ............................................................ ¥61,193 million
(2) Amount per share ................................................................................ ¥14
(3) Entitlement date and commencement date of the payment .............. November 25, 2005

Note: The Company plans to pay interim cash dividends to shareholders of record as recorded in the final shareholders' register and the actual shareholders' register.

# Independent Auditors' Report

December 16, 2004

The Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

| | |
|---|---|
| Designated and Engagement Partner | Kazuo Suzuki |
| Designated and Engagement Partner | Yasunobu Furukawa |
| Designated and Engagement Partner | Yoji Murohashi |
| Designated and Engagement Partner | Takeshi Hori |

Pursuant to Article 193-2 of the Securities and Exchange Law of Japan, we have performed semiannual audit procedures on the accompanying semiannual consolidated balance sheets of Nissan Motor Co., Ltd. and consolidated subsidiaries as of September 30, 2004 and 2003, and the related semiannual consolidated statements of income, capital surplus and retained earnings, and cash flows for the six-month periods then ended, all expressed in yen. These semiannual consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion independently on these semiannual consolidated financial statements based on our semiannual audit procedures.

We conducted our semiannual audit procedures in accordance with semiannual auditing standards generally accepted in Japan. Those standards require that we plan and perform the semiannual audit procedures to obtain reasonable assurance about whether the semiannual consolidated financial statements taken as a whole are free of material misstatement with respect to the presentation of useful accounting information which may result in misinterpretation by investors. Semiannual audit procedures consist primarily of analytical review procedures and additional audit procedures as deemed necessary. We believe that our semiannual audit procedures provide a reasonable basis for our opinion.

In our opinion, the semiannual financial statements referred to above present useful accounting information regarding the semiannual consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at September 30, 2004 and 2003, and the consolidated results of their operations and their cash flows for the six-month periods then ended in conformity with accounting principles and practices applicable to semiannual consolidated financial statements generally accepted in Japan.

*Supplementary Information*

(1) As described in "Changes in Accounting Policies," the Company and certain consolidated subsidiaries have changed their classification of freight and shipping costs, reclassifying these as cost of sales instead of selling, general and administrative expenses.

(2) As described in "Significant Subsequent Event," on November 30, 2004, a resolution was approved by the Board of Directors of the Company authorizing the Company to subscribe for all shares of common stock to be issued by Calsonic Kansei Corporation in the form of a third-party allotment.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

# Independent Auditors' Report

November 29, 2005

The Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

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*Supplementary Information*

(1) As described in "Changes in Accounting Policies," effective April 1, 2005, the Company and its domestic consolidated subsidiaries changed their method of accounting for forward foreign exchange contracts relating to sales denominated in foreign currencies to the benchmark method from an allowed alternative method.

(2) As described in "Changes in Accounting Policies," effective April 1, 2005, a new accounting standard for the impairment of fixed assets was adopted.

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