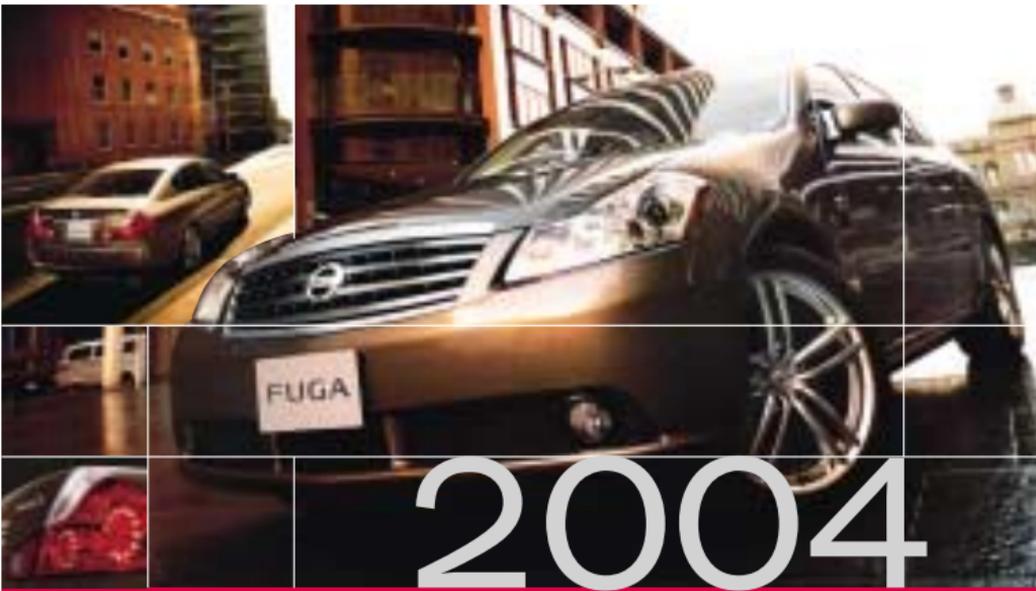




## Half-Year Report

April 1 to September 30, 2004



# 2004

Nissan: Enriching people's lives

NISSAN MOTOR CO., LTD.

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## Letter from Management

In the final year of NISSAN 180, Nissan continues on a steady course of value creation and sustainable profitability amid a challenging global environment.

NISSAN 180 aims to grow sales by one million additional units by the end of fiscal year 2004, to achieve an 8% operating profit margin and to reduce net automotive debt to zero.

With two of these commitments already delivered, we plan to achieve the additional one million sales with support from the nine all-new models we are launching in this fiscal year. We expect our sales to accelerate in the second half and through September 2005, when we will measure the sales of all the new products launched during NISSAN 180.

In the first half of fiscal year 2004, Nissan achieved an operating profit of 403.4 billion yen. Our consolidated operating profit is at 10.1%, which remains at the top level among global automakers. Revenues are up 12.7%, and global sales for the first six months totaled 1,596,000 units, an increase of 8.8%.

Despite the risks that exist in a fiercely competitive and volatile business environment, Nissan is consistently moving forward in the right direction. We remain focused on delivering NISSAN 180 completely and creating significant value for the long term. Nissan still has more performance to deliver.



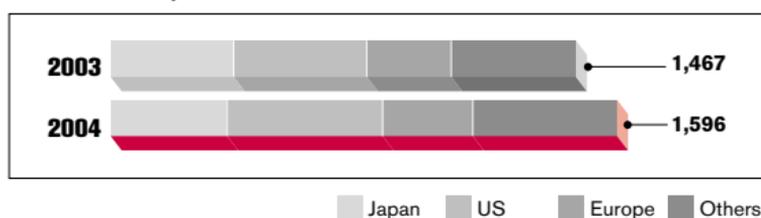
Carlos Ghosn  
President and CEO

## Facts and Figures

### Half-year global retail sales volume

First half of fiscal years

(Thousand units)

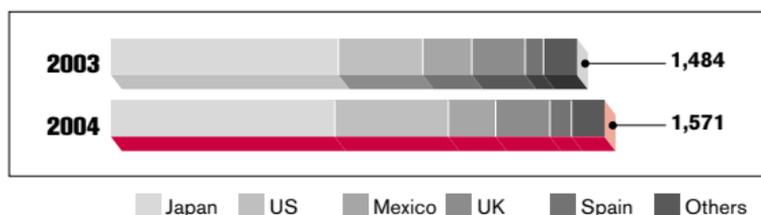


First half of fiscal years	2004	2003
<b>Global retail</b> (Note1,2)		Thousand units
Japan	368	387
US	489	420
Europe	285	267
Others	454	393
<b>Total</b>	<b>1,596</b>	<b>1,467</b>

### Half-year global vehicle production volume

First half of fiscal years

(Thousand units)



First half of fiscal years	2004	2003
<b>Global production</b> (Note2)		Thousand units
Japan	712	725
US	361	268
Mexico	151	156
UK	172	168
Spain	69	60
Others (Note3)	106	107
<b>Total</b>	<b>1,571</b>	<b>1,484</b>

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

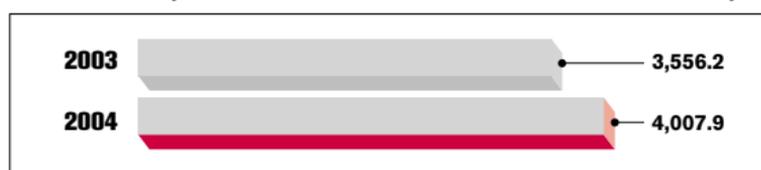
2. Europe, Mexico and parts of others are results of January to June.

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

## Half-year consolidated net sales

First half of fiscal years

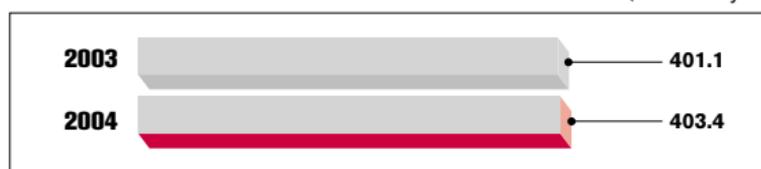
(Billions of yen)



## Half-year consolidated operating income

First half of fiscal years

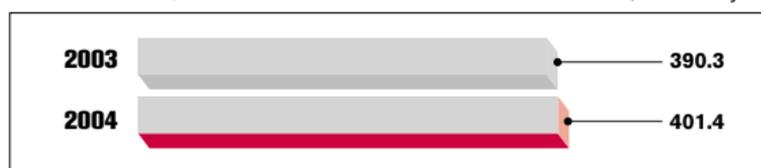
(Billions of yen)



## Half-year consolidated ordinary income

First half of fiscal years

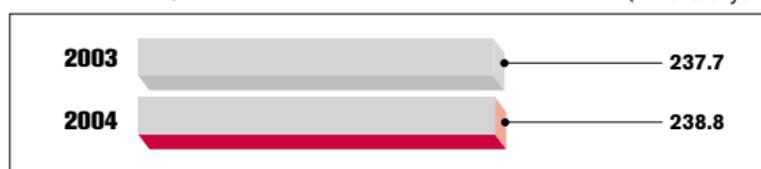
(Billions of yen)



## Half-year consolidated net income

First half of fiscal years

(Billions of yen)



## Consolidated net automotive debt

(Billions of yen)



## First Half of Fiscal Year 2004 Business Review

For the first six months of fiscal year 2004, Nissan's sales in all regions totaled 1,596,000 units, an increase of 8.8%.

Total industry volumes were down in Japan, flat in the United States, and slightly up in Europe and in General Overseas Markets. Rising incentive levels continue to be a challenge in all markets.

Nissan launched one all-new model late in the first half—the Tiida—and eight more are being launched globally in the second



TIIDA

half. Because of this launch schedule, sales are expected to accelerate in the second half.

Reviewing volumes by region, in Japan Nissan sold 368,000 units in the first half of fiscal year 2004, down 4.9%, as total industry volume declined by 1.6%. Market share stood at 13.6%, including minicars, 0.5% lower than last year. The March and Cube continued to be in the Top 10 monthly sales ranking, and Nissan's performance in the minicar segment has doubled. Total sales volume in Japan is expected to rise in the second half, driven by the six new models that will be launched domestically this year.



FUGA



LAFESTA



TIIDA LATIO



MURANO



NOTE

In the United States, sales in the first half came to 489,000 units, up 16.6%, with market share up 0.8% to 5.5%. Gains were made in both the Nissan and Infiniti channels. Nissan Division sales were up 19.2% in the first half, largely due to the Titan, Armada, Quest and Altima. Infiniti Division sales also continued to grow, rising 2.0% over the first half of fiscal year 2003's record level.



TITAN KING CAB

In Europe, Nissan sold 285,000 units from January to June, up 6.6% from the same period in 2003, even though no new models were launched. More than 90,000 Micras were sold, and the range of 4X4s, particularly the X-TRAIL and Pickup, were significant and steady contributors to sales growth.

In the General Overseas Markets, performance was good. In the first half, sales were up 15.2%, to 454,000 units. Markets such as China, Taiwan, Thailand and Mexico contributed to the increase.

### **First half financial results and forecast**

Consolidated revenues reached 4.008 trillion yen in the first half of fiscal year 2004, up 12.7% from the same period in fiscal year 2003. Changes in the scope of consolidation, such as the inclusion of Dongfeng Motor Company Limited, Yulon Nissan Motor and Siam Nissan Automobile, impacted revenues positively by 225.2 billion yen.

Nissan's consolidated operating profits were up 0.6% to 403.4 billion yen, compared to the first half of fiscal year 2003. The operating margin is 10.1%.

On a regional basis, Nissan benefited from profit increases from every region except Japan.

Profits from Japan amounted to 162.4 billion yen compared to last year's 193.3 billion yen profit, mainly as a result of lower volume and mix, higher R&D expenditures and unfavorable exchange rates.

In the United States and Canada, profitability increased to 169.5 billion yen compared to 159.7 billion yen last year. The higher volume and mix absorbed the negative impact from foreign exchange and incentives, resulting in a 10 billion yen increase over the previous year.

Europe continued to increase its contribution to profit, even as no new models were launched. Profits reached 19.3 billion yen, up from 11.5 billion yen in the first half of 2003.

In the General Overseas Markets, including Mexico, the contribution to total profits increased significantly, to 52.1 billion yen from 31.6 billion yen, driven mainly by the addition of the newly consolidated companies.

Net income after tax reached 238.8 billion yen, in line with last year's 237.7 billion yen level.

Nissan is on track to reach its annual return on invested capital target of 20%. At the end of September, net automotive debt was at 100.2 billion yen, including Canton and leasing obligations, which was better than planned.

### **Investments for the future**

In the first half of this fiscal year, significant developments were made in each region to ensure Nissan's sustainable growth for the future.

In Japan, in September, Nissan broke the mold by introducing six new models at once at the SHIFT\_ event.





ALTIMA

In North America, Nissan announced a further expansion of its engine assembly plant in Decherd, Tennessee. The start of production of the Altima sedan in the Canton, Mississippi, completed the new plant's commitment of producing five all-new models in just eight months' time.

In Europe, an agreement was signed to improve the productivity and flexibility of the plant in Barcelona, Spain, where investments will be made to produce the Pathfinder and the next-generation pickup truck.

In General Overseas Markets, strategic investments in Egypt, Thailand and Korea were made to increase Nissan's presence in key

markets. In China, Teana production started at the new Xiangfan passenger vehicle plant, and the new



TEANA

Guangzhou Huadu plant started production. Also in Guangzhou City, an announcement was made to invest 330 million yuan to set up an R&D facility that will be run jointly with



Guangzhou Huadu Plant

Dongfeng to develop models that better meet the needs of Chinese customers.

In every region, each of these actions and investments represents building blocks to ensure Nissan's future. Growth is not accidental; it is something that must be boldly planned, thoughtfully prepared and firmly executed. Nissan is systematically laying a foundation for creating more value and profitable growth for years to come.

## **Outlook**

Considering the risks and opportunities for fiscal year 2004, the most significant risks continue to be higher levels of incentives, high commodity prices and high interest rates. Major opportunity continues to be the swift implementation of NISSAN 180.

Taking into account the risks and opportunities, Nissan maintains its initial forecasts for the full year. Full-year consolidated net revenues are expected to reach 8.176 trillion yen. Operating profit is expected to be 860 billion yen, which would give a 10.5% operating margin. Ordinary profit is expected to reach 846 billion yen. The company expects to achieve a net profit after tax of 510 billion yen.

## **Conclusion**

As Nissan works to deliver the NISSAN 180 commitments completely, steady progress is being made. The company's performance and future potential have attracted 18,000 additional individual shareholders in the past six months alone. Nissan will pay an interim dividend of 12 yen per share in November.

For Nissan's customers and all of its stakeholders, the focus on creating significant value and profitable growth will continue. Despite the challenges that exist on many fronts, Nissan is convinced that the company has more potential to deliver.

## Financial Section

### Consolidated Balance Sheets

(As of September 30, 2004)

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

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

	Amount
<b>ASSETS</b>	
<b>Current assets</b>	<b>4,737,694</b>
Cash on hand and in banks	360,340
Notes & accounts receivable	466,593
Sales finance receivables	2,610,794
Marketable securities	17,481
Inventories	702,380
Deferred tax assets	262,306
Other current assets	317,800
<b>Fixed assets</b>	<b>4,376,524</b>
Property, plant and equipment	3,500,453
Intangible assets	163,517
Investment securities	305,884
Long-term loans receivable	18,100
Deferred tax assets	173,835
Other fixed assets	214,735
<b>Deferred assets</b>	<b>1,322</b>
<b>Total assets</b>	<b>9,115,540</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	<b>3,857,913</b>
Notes & accounts payable	920,309
Short-term borrowings	1,950,073
Deferred tax liabilities	2,318
Accrued warranty costs	48,181
Lease obligation	50,438
Other current liabilities	886,594
<b>Long-term liabilities</b>	<b>2,836,820</b>
Bonds and debentures	409,939
Long-term borrowings	1,238,334
Deferred tax liabilities	380,169
Accrued warranty costs	113,996
Accrued retirement benefits	460,350
Leasing obligation	91,735
Other long-term liabilities	142,297
<b>Total liabilities</b>	<b>6,694,733</b>
<b>MINORITY INTERESTS</b>	
<b>Minority interests in consolidated subsidiaries</b>	<b>164,065</b>
<b>SHAREHOLDERS' EQUITY</b>	
<b>Common stock</b>	<b>605,814</b>
<b>Capital surplus</b>	<b>804,470</b>
<b>Retained earnings</b>	<b>1,485,196</b>
<b>Unrealized holding gain on securities</b>	<b>5,501</b>
<b>Translation adjustments</b>	<b>(396,615)</b>
<b>Treasury stock</b>	<b>(247,624)</b>
<b>Total shareholders' equity</b>	<b>2,256,742</b>
<b>Total liabilities, minority interests &amp; shareholders' equity</b>	<b>9,115,540</b>

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

## Consolidated Statements of Income

(For the 1st half of fiscal year ending March 31, 2005)

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

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

	Amount
<b>Net sales</b>	<b>4,007,942</b>
Cost of sales	2,951,746
Gross profit	1,056,196
Selling, general and administrative expenses	652,759
<b>Operating income</b>	<b>403,437</b>
Non-operating income	32,424
Interest and dividend income	7,294
Equity in earnings of unconsolidated subsidiaries & affiliates	15,161
Other non-operating income	9,969
Non-operating expenses	34,504
Interest expense	13,260
Amortization of net retirement benefit obligation at transition	5,888
Other non-operating expenses	15,356
<b>Ordinary income</b>	<b>401,357</b>
Extraordinary gains	14,787
Extraordinary losses	45,664
<b>Income before income taxes and minority interests</b>	<b>370,480</b>
Income taxes current	145,829
Income taxes deferred	(25,142)
Minority interests	10,985
<b>Net income</b>	<b>238,808</b>

## Consolidated Statements of Cash Flows

(For the 1st half of fiscal year ending March 31, 2005)

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

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

	Amount
<b>Operating activities</b>	
Income before income taxes and minority interests	370,480
Depreciation and amortization	247,356
Provision for doubtful receivables	(3,848)
Unrealized loss on investments	116
Interest and dividend income	(7,293)
Interest expense	33,450
Gain on sales of property, plant and equipment	(3,979)
Loss on disposal of property, plant and equipment	9,604
Gain on sales of investment securities	(6,113)
Decrease in trade receivables	57,134
Increase in sales finance receivables	(306,883)
Increase in inventories	(123,013)
Increase in trade payables	20,097
Amortization of net retirement benefit obligation at transition	5,888
Retirement benefit expenses	29,848
Retirement benefits paid	(40,637)
Other	6,023
<b>Sub-total</b>	<b>288,230</b>
Interest and dividends received	7,496
Interest paid	(33,256)
Income taxes paid	(138,223)
<b>Total</b>	<b>124,247</b>
<b>Investing activities</b>	
Increase in short-term investments	(8,229)
Purchases of fixed assets	(214,773)
Proceeds from sales of property, plant and equipment	18,847
Purchases of leased vehicles	(274,535)
Proceeds from sales of leased vehicles	86,857
Collection of long-term loans receivable	2,175
Long-term loans made	(2,455)
Purchases of investment securities	(11,155)
Proceeds from sales of investment securities	1,674
Purchase of subsidiaries' shares resulting in changes in consolidation in the scope of consolidation	(1,292)
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	7,712
Other	(33,123)
<b>Total</b>	<b>(428,297)</b>
<b>Financing activities</b>	
Increase in short-term borrowings	615,965
Increase in long-term borrowings	485,566
Increase in bonds and debentures	30,000
Repayment or redemption of long-term debt	(649,149)
Purchases of treasury stock	(7,873)
Proceeds from sales of treasury stock	3,245
Repayment of lease obligation	(33,816)
Cash dividends paid	(45,078)
Other	(18)
<b>Total</b>	<b>398,842</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,761</b>
<b>Increase in cash and cash equivalents</b>	<b>96,553</b>
<b>Cash and cash equivalent at beginning of the period</b>	<b>194,164</b>
<b>Increase due to inclusion in consolidation</b>	<b>59,577</b>
<b>Cash and cash equivalent at end of the period</b>	<b>350,294</b>

## Non-Consolidated Balance Sheets

(As of September 30, 2004)

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

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

	Amount
<b>ASSETS</b>	
<b>Current assets</b>	<b>1,600,664</b>
Cash on hand and in banks	91,799
Trade notes receivable	67
Trade accounts receivable	297,209
Finished products	78,071
Inventories	58,113
Affiliates short-term loans receivable	922,041
Other	177,278
Allowance for doubtful accounts	(23,917)
<b>Fixed assets</b>	<b>2,357,343</b>
<b>Property, plant &amp; equipment</b>	<b>699,110</b>
Buildings	152,302
Machinery & equipment	196,588
Land	148,259
Other	201,959
<b>Intangible assets</b>	<b>40,483</b>
<b>Investments &amp; other assets</b>	<b>1,617,749</b>
Investment securities	14,356
Affiliates stock	1,443,380
Long-term loans receivable	2,007
Other	158,172
Allowance for doubtful accounts	(167)
<b>Deferred assets</b>	<b>3,067</b>
Discounts on bonds	3,067
<b>Total assets</b>	<b>3,961,075</b>

Notes: 1. As for the amount, less than 1 million yen is rounded down.

2. Accumulated depreciation of property, plant and equipment: Yen 1,294,083 million.

3. Assets pledged as collateral: Investment securities: Yen 10,968 million

4. As endorser of documentary export bills discounted with banks: Yen 2,530 million

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

▪ Guarantees total yen 382,349 million (yen 171,313 million). The above included employee's residence mortgages which is insured in full of yen 185,403 million and mortgages with pledge of yen 25,500 million.

Guarantees of yen 88,804 million related to the construction of Canton Plant are also included in those relating to subsidiaries.

	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	<b>1,413,425</b>
Trade notes payable	159
Trade accounts payable	440,747
Short-term borrowings	188,005
Current portion of long-term borrowings	21,576
Commercial paper	118,000
Current maturities of bonds	281,800
Accrued expenses	165,913
Income taxes payable	30,304
Warrants	5,027
Accrued warranty costs	25,828
Lease obligation	27,715
Other	108,348
<b>Long-term liabilities</b>	<b>816,705</b>
Bonds	407,800
Long-term borrowings	95,854
Accrued warranty costs	40,397
Accrued retirement benefits	238,077
Lease obligation	32,748
Other	1,828
<b>Total liabilities</b>	<b>2,230,131</b>
<b>SHAREHOLDERS' EQUITY</b>	
<b>Common stock</b>	<b>605,813</b>
<b>Capital surplus</b>	<b>804,470</b>
Capital reserve	804,470
<b>Retained earnings</b>	<b>452,119</b>
Legal reserve	53,838
General reserve	75,542
Unappropriated retained earnings	322,737
<b>Unrealized holding gain on securities</b>	<b>4,165</b>
<b>Treasury stock</b>	<b>(135,624)</b>
<b>Total shareholders' equity</b>	<b>1,730,943</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>3,961,075</b>

- Commitments to provide guarantees total yen 1,435 million.
  - Letters of awareness and others total yen 8,523 million ( yen 8,523 million)
  - Letters of awareness concerning transfers of receivables total yen 50,000 million ( yen 19,229 million)
- The Company entered into Keepwell Agreements with certain subsidiaries to support their credibility. Liabilities of such subsidiaries totaled yen 2,496,424 million

6. Depreciation  
Property, plant, and equipment: Yen 42,826 million  
Intangible assets: Yen 6,339 million

## Non-Consolidated Statements of Income

(For the 1st half of fiscal year ending March 31, 2005)

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

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

	Amount
<b>Net sales</b>	<b>1,731,397</b>
Cost of sales	1,421,388
Gross margin	310,008
Selling, general and administrative expenses	184,681
<b>Operating income</b>	<b>125,327</b>
Non-operating income	4,813
Interest and dividend income	2,441
Other non-operating income	2,371
Non-operating expenses	20,900
Interest expense	6,561
Amortization of net retirement benefit obligation at transition	4,435
Other non-operating expenses	9,902
<b>Ordinary income</b>	<b>109,240</b>
Extraordinary gains	17,870
Extraordinary losses	36,246
<b>Income before income taxes</b>	<b>90,864</b>
Income taxes-current	40,274
Income taxes-deferred	(23,374)
<b>Net income</b>	<b>73,964</b>
Retained earnings brought forward from previous year	250,845
Loss on disposal of treasury stock	2,072
<b>Unappropriated retained earnings at end of period</b>	<b>322,737</b>

Note: As for the amount, less than 1 million yen is rounded down.

### Notice of the resolution concerning payment of interim dividends in fiscal year 2004 by the Board of Directors

We resolved concerning payment of interim dividends in fiscal year 2004 by the Board of Directors held on October 29, 2004, as follows:

According to the Article 33 of the incorporation, the Company will pay the interim dividends as following to the shareholders whose names are entered or recorded, by paper-base documents or digital processes, in the final register of shareholders or of beneficial shareholders as of Sept. 30, 2004.

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

- The amount of the interim dividends  
Common Dividends 12 yen per share
- The date when the right of claim to pay comes into effect and the date when the payment starts  
November 29, 2004

## Board of Directors and Statutory Auditors

Officer	Responsibilities
---------	------------------

### Representative Board Members

**Carlos Ghosn**

President

Co-Chairman, Board of Directors

**Itaru Koeda**

Co-Chairman,  
Board of Directors

Administration for  
Affiliated Companies,  
External & Government Affairs

### Board Members

**Norio Matsumura**

Japan Operations,  
Global Marketing & Sales,  
Global Aftersales Business

**Nobuo Okubo**

Research,  
Technology & Engineering  
Development,  
Cost Engineering

**Patrick Pélata**

European Operations,  
Planning & Design,  
LCV Business Unit

**Tadao Takahashi**

Manufacturing,  
SCM (Supply Chain  
Management),  
Industrial Machinery, Marine

**Shemaya Lévy**

### Statutory Auditors

**Shinji Ichishima**

Full time

**Keishi Imamura**

Full time

**Hiroyasu Kan**

Full time

**Hiroshi Moriyama**

Full time

**Haruo Murakami**

## Corporate Data

NISSAN MOTOR CO., LTD.

### Registered Head Office

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

### Date of Establishment

December 26, 1933

### Paid-in Capital

605,813 million yen

### Common Stock

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

### Number of Shareholders

159,519

### Number of Employees worldwide

172,900 (Consolidated Basis)

**End of Fiscal year** March 31\*

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

**General Shareholders' Meeting** June

### Securities Traded

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

### Transfer Agent and Registrar for Common Stock

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

### Depository and Transfer Agent for American Depositary Receipts

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

### Auditor

Shin Nihon & Co.

**For Further Information, please contact**

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17-1, Ginza 6-chome, Chuo-ku,

Tokyo 104-8023 Japan

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Main 81(0)3-3543-5523

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Parc de Pissaloup 13,

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78194 Trappes cedex, France

phone: Communications Department 33(0)1 30 13 67 70

Main 33(0)1 30 13 66 66

**Corporate Information Website**

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

Investor Relations

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

**NISSAN**  
MOTOR COMPANY