

# FINANCIAL RESULTS OF NISSAN MOTOR CO., LTD

<FOR THE FISCAL YEAR ENDED MARCH 31,2007>

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## **1. BUSINESS PERFORMANCE**

### **1) FY2006 Business Performance**

#### **① NISSAN Value-Up Update**

In the Nissan Value-Up business plan, the company made three key commitments:

1. Top level operating profit margin among global automakers in FY05 to FY07.
2. 4.2 million sales in FY08.
3. 20% average return on invested capital over the plan.

Under Nissan Value-Up, the company is pursuing four major breakthroughs:

1. Establish Infiniti as a globally recognized luxury brand.
2. Build a global presence in Light Commercial Vehicles.
3. Develop new supply sources in Leading Competitive Countries for parts, machinery & equipment, vendortooling and services.
4. Expand geographic presence in emerging markets.

Fiscal 2006 did not boost results towards achieving the objectives of Nissan Value-Up. However, the commitments are still within the potential of the company and Nissan remains focused on delivering them completely. As such, the company will extend the delivery period of the Nissan Value-Up commitments by one year. Concurrently, the company is preparing the next business plan, which will be announced next year.

Nevertheless, during 2006 the company made tangible progress towards the four key breakthroughs that are central to Nissan Value-Up.

The company continues with its development of Infiniti as a globally recognized luxury brand. During fiscal year 2006, the Infiniti brand was successfully launched in the rapidly growing Russian market. Geographic expansion will accelerate further in 2007, when Infiniti enters the Chinese and Ukrainian markets. And in 2008, the Infiniti brand will be launched across Western Europe. To serve these new markets, new products will be introduced. The G35 sedan will be followed this year by the G37 coupe and the EX compact luxury crossover.

Regarding Light Commercial Vehicles (“LCV”), global sales have grown 57% since the start of Nissan Value-Up to 490,000 units in fiscal 2006. Furthermore, the business unit overachieved its 8% operating margin milestone. With LCV firmly established as a pillar of Nissan’s global business, the company is building on this momentum.

The third breakthrough involves developing new sources for parts, machinery & equipment, vendor tooling and services in Leading Competitive Countries (“LCC”). Sourcing bases are now established in China and ASEAN for Japan, Mexico for North America and Eastern Europe for Western Europe. To accelerate this progress, the next step will be developing a new sourcing base in India.

In fiscal 2006, 15% of the company’s purchases for Japan, North American and Europe, by value, was sourced from LCC, as opposed to 12% in the previous year. For 2007, the company will accelerate this trend to source 24% of their total purchases.

To reduce costs and focus employees on core tasks, the company is also outsourcing back-office functions and a variety of work in engineering, information services and manufacturing. In fiscal 2006, this effort yielded gross savings of 43 billion yen.

The fourth breakthrough expands Nissan's geographic presence in emerging markets, also known as "BRICs". In Brazil, Nissan is investing \$150m in their operations to reach sales of 40,000 units by 2009. In Russia, the company is investing \$200m in a plant in St. Petersburg that will have a capacity of 50,000 units when it opens in 2009. In India, Nissan is joining Renault in a partnership with Mahindra. The three companies are building a plant together in Chennai, which is scheduled to open in 2009 with a planned capacity of 400,000 units. Since 2003, the company has invested \$1.6 billion into their partnership in China with Dongfeng, including recent investments in an engine plant and an R&D center.

## ② FY2006 Business Performance

In fiscal 2006, the company's global sales totaled 3,483,000 units, a decrease of 2.4% from the previous year. Around the world, the company introduced 10 all-new models, including only one in the first half. These new models included an all-new version of the Altima, Nissan's volume leader in the U.S., the new-generation G35, Infiniti's volume leader, and the Livina Geniss, which was the first model from a new family of global cars launched first in China. However, these successful launches came late in the fiscal year and did not lead to overall annual volume growth.

In Japan, total industry volume declined 4.1%, with minicars increasing 4.2% and registered vehicles decreasing 8.3%. Nissan's domestic sales decreased 12.1% to 740,000 units for the fiscal year. The company's market share dropped 1.2 points to 13.2%.

In the U.S., total industry volume decreased 3.4%, while Nissan's sales decreased by 4.0% to 1,035,000 units. In fiscal 2006, market share remained flat at 6.3%.

In Europe, total industry volume was flat, as well as Nissan's sales at 540,000 units, on a calendar-year basis.

In the General Overseas Markets, including Mexico and Canada, sales increased 5.1% to 1,168,000 units. China led the way with a 22.2% increase in sales for a total of 363,000 units.

In order to increase transparency and consistency, the company changed accounting methods and harmonized calendar-year results for subsidiaries such as Europe and Mexico with fiscal-year results for Nissan Motor Co., Ltd. This is consistent with auto industry standards.

Excluding some overseas subsidiaries existing in the countries, where change of fiscal accounting period is precluded by law, all subsidiaries that previously ended their annual period in December have been changed to align with the consolidated fiscal period ending in March.

For these affected subsidiaries, an additional quarter, from January to March 2007, was included in the fiscal 2006 results. Adding this fifth quarter resulted in a one-time positive impact of 767.6 billion yen in revenues, 21.4 billion yen in operating profits and 11.6 billion yen to net income.

As a result of this change, the company reported consolidated net revenues of 10 trillion 468.6 billion yen. Operating profit was 776.9 billion yen, with an operating profit margin of 7.4%.

In order to compare operating profit for fiscal year 2006 to fiscal year 2005, the following information excludes the additional quarter for overseas subsidiaries in fiscal year 2006.

- Foreign exchange rate movements had a 70.8 billion yen positive impact for the full year.
  - The average value of the dollar rose from 113.3 yen in fiscal year 2005 to 117.0 yen in fiscal year 2006, yielding a positive impact of 39.2 billion yen.
  - The euro rose from 136.9 yen in 2005 to 146.2 yen in 2006, which resulted in a positive impact of 16.7 billion yen.
  - Other currencies had a positive impact of 14.9 billion yen.
- Changes in the scope of consolidation had a positive impact of 8.4 billion yen.
- Raw material and energy costs increased by 110.1 billion yen and price, volume and mix had a negative impact of 156.3 billion yen. The combination of these two items was the principal reason for the underachievement in fiscal 2006.
- Selling expenses increased by 21.8 billion yen, which was mainly due to higher incentives in the U.S.
- Purchasing-cost reductions generated a positive contribution of 170 billion yen.
- Product enrichment, including regulatory costs, had a negative impact of 66.3 billion yen.
- The company spent an additional 1.4 billion yen on R&D in fiscal 2006.
- Manufacturing and logistics expenses increased in 2006 by 4.9 billion yen.
- Despite the impact of the QR 25 engine oil-consumption problem in the U.S., overall warranty expenses were lower, which resulted in a positive impact of 1.9 billion yen.
- General, administrative and other expenses increased by 6.6 billion yen.
- As previously mentioned, the inclusion of an additional quarter from former December-ending companies generated a positive impact of 21.4 billion yen.

By region, for fiscal 2006, operating profits in Japan were 270.6 billion yen, which decreased from 390.4 billion yen in fiscal 2005. Although mini-cars remain a profitable business, the deterioration in mix and decrease in overall volumes in Japan were the main reasons for the decline in domestic profitability.

Profitability in the U.S. and Canada was 282.6 billion yen, versus 345.4 billion yen last year. Thirty percent of the decline in U.S. profitability is attributable to the QR 25 engine recall, which was booked in regional accounts.

In Europe, operating profit increased to 79.6 billion yen in fiscal 2006 from 67.2 billion yen in fiscal 2005.

In the General Overseas Markets, operating profit was 113.3 billion yen, versus 101.2 billion yen last year.

Inter-regional eliminations resulted in a positive 9.4 billion yen.

Net non-operating expenses came to 15.8 billion yen, which was an improvement from last year's total of 25.9 billion, due to the absence of negative foreign exchange impacts.

As a result, ordinary profit was 761.1 billion yen in fiscal 2006, versus 845.9 billion yen in fiscal 2005.

Net extraordinary items totaled a negative 63.7 billion yen, which was 26.8 billion yen higher than last year. Extraordinary items in fiscal 2006 included 28 billion yen relating to programs, which led to headcount reductions in Japan and the U.S.

Income before taxes in fiscal 2006 were 697.4 billion yen. Total taxes were 212.1 billion yen, which resulted in an effective consolidated tax rate of 30.4%.

Minority interests, profits from fully consolidated companies that the company does not own 100% including Calsonic Kansei, Aichi Kikai and Nissan Shatai, totaled 24.5 billion yen.

In fiscal 2006, net income was 460.8 billion yen, compared to 518.1 billion in fiscal 2005.

At fiscal year-end, the company had a net cash position of 254.7 billion yen for automotive business, which decreased 118.2 billion yen from the start of the fiscal year. This includes the reduction of cash from operations and an increase in capital expenditures.

At its annual shareholders meeting, the company will propose a 17 yen per share year-end dividend, resulting in a full-year dividend of 34 yen per share for fiscal 2006. The company will maintain their proposed 40 yen per share dividend for fiscal 2007, as part of their commitment to shareholders.

### ③ Fiscal Year 2007 Financial Forecast

2007 will be a better year for Nissan. Last February, Nissan acknowledged that the company's performance was unsatisfactory and pledged to take immediate action.

The company now has a new leadership team, with an Executive Committee expanded from seven to nine members to improve coverage of business priorities.

The company has taken a number of business initiatives to improve its profitability:

- In Japan, Nissan is restructuring their dealer network, in order to increase its focus on the customer with better-trained resources.
- In the first quarter, the Oppama and Tochigi plants will be reduced to single shift operations to be in line with actual demand in Japan.
- Nissan Shatai will close its #1 plant and shift production to its #2 plant and the Kyushu plant, which will be expanded.
- The company has initiated voluntary early-retirement programs across all operations in Japan.
- Voluntary transition programs have been implemented in the U.S.
- In an effort to provide closer support to its distribution network, the company is transforming its national sales companies into leaner regional business units in Europe.
- In South Africa, the company has announced headcount reductions to increase its productivity and competitiveness.

These are some of the measures that have already been implemented. And while there will be more, it is important to understand the difference between Nissan's situation today and the situation in 1999.

Today, the company is fine-tuning its operations in order to improve performance. As the company addresses short-term issues, they remain focused on their long-term goals, while monitoring closely the motivation and engagement of its people.

Given the uncertainty in markets worldwide, the company's 2007 forecasts are cautious. Global sales are estimated to increase by 6.2% to 3.7 million units. The company remains cautious about Japan, with forecasted sales of 700,000 units due to a further expected decline in total industry volume in a very competitive market. U.S. sales are forecasted at 1.1 million units. Sales in Europe are estimated to be 600,000 units. For the General Overseas Markets, including Mexico and Canada, the company estimates sales of 1.3 million units.

Sales growth, particularly in the U.S., will fluctuate and not occur equally across the next 12 months. The company expects sales in April to be weak. Given there is no evidence of a rebound in TIV, the company maintains its forecast of 16 million units for the full year.

Throughout fiscal 2007, the company will again face a challenging environment, including rising raw material costs, energy prices, interest rates, volatile foreign-exchange rates, high incentive levels and a growing number of distressed suppliers and competitors. The only way to overcome all of these obstacles is to remain focused on delivering the commitments set forth in Nissan Value-Up effectively and completely.

Due to the reasons stated above, the company established the following forecast based on a foreign exchange rate assumption of 117 yen per dollar and 148 yen per euro.

- Net revenue is forecasted at 10.3 trillion yen.
- Operating profit is estimated to be 800 billion yen
- Ordinary profit is expected to reach 773 billion yen.
- Net income is forecasted at 480 billion yen.
- Capital expenditures are expected to reach 515 billion yen.
- R&D expenses are forecasted at 490 billion yen.

## 2) Financial Position

### ① Balance Sheets

#### ■ Assets

Current assets have increased by 7.8% to 6,492.9 billion yen compared to FY 2005. This is mainly due to increase of notes and accounts receivables and inventories by 190.5 billion and 148.2 billion, respectively. Fixed asset has increased by 8.3% to 5,909.3 billion yen compared to FY 2005. As a result, total assets have increased by 8.0% to 12,402.2 billion yen compared to FY 2005.

#### ■ Liabilities

Current liabilities have increased by 14.9% to 5,575.3 billion yen compared to FY 2005. This is mainly due to increase of short-term borrowings.

Non-current liability has decreased by 9.4% to 2,949.9 billion yen compared to FY 2005. This is mainly due to decrease of long-term borrowings.

As a result, total liabilities have increased by 5.2% to 8,525.2 billion yen compared to FY 2005.

#### ■ Net Assets

Net assets have increased by 14.8% to 3,877 billion yen compared to 3,377 billion yen of FY 2005 adjusted to related implementation guidance. This is mainly due to net income of 460.8 billion yen, offset by 131.1 billion yen of dividends paid.

### ② Cash Flows

Increase of cash inflow as a result of operating activities due to decrease in sales financing receivables was enough to cover increase of cash outflow as a result of investing activities and decrease of cash inflow as a result of financing activities, and to increase cash and cash equivalents by 65.2 billion (16.1%) compared to FY2005.

#### ■ Operating Activities

Cash inflow as a result of operating activities has increased by 285 billion yen from 757.9 billion yen in FY2005 to 1,042.8 billion yen in FY2006. It was mainly due to the decrease in sales financing receivables.

#### ■ Investing Activities

Cash outflow as a result of investing activities has increased by 1.8 billion from 1,112.8 billion yen in FY2005 to 1,114.6 billion yen in FY2006. This is mainly due to the increase in purchase of plant, property, and equipment.

#### ■ Financing Activities

Cash inflow as a result of financing activities has decreased by 351 billion yen from 457.9 billion yen in FY2005 to 106.9 billion yen in FY2006. This is mainly due to the increase in repayment of long-term borrowings.

Trend of ratios related to Cash Flow are as below;

	FY2004	FY2005	FY2006
Leverage Ratio (%)	25.04	26.90	28.59
Leverage Ratio at fair value (%)	45.51	49.90	41.87
Debt to CF Ratio (Year)	10.68	6.36	4.89
Interest Coverage Ratio	5.18	7.41	7.26

( Notes ) Leverage Ratio : Net assets excluding share subscription rights and minority interests / Total assets

Leverage Ratio at fair value : Fair value of issued and outstanding stocks / Total assets

Debt to CF Ratio : Interest bearing debt / Operating cash flow

Interest Coverage Ratio : Operating cash flow / Interest paid

\* All ratios are calculated based on Consolidated Financial Statements.

\* Fair value of issued and outstanding stocks is calculated at Price of stock at fiscal year end × Number of stock issued and outstanding (excluding Treasury stock).

\* Operating cash flow is the amount stated on Consolidated Statement of Cash Flows and it is a result of operating activities. Interest bearing debt is debt stated in Consolidated Balance Sheets that interest should be paid for. Interest paid is the amount stated on Consolidated Statement of Cash Flows.

### **3) Dividend Policy**

At its general shareholders meeting on June 23, 2004, Nissan announced its Nissan Value-Up three-year dividend policy, for the periods fiscal 2005 to fiscal 2007. Nissan proposed a long-term dividend policy, in order to allow more visibility and improve transparency in the ways Nissan rewards its shareholders. Nissan believes that a long-term dividend policy reduces uncertainty for investors, who may already own or are considering acquiring Nissan stock.

Nissan proposed the following future dividend amount, as its Commitment, at 29 yen per share for FY05, 34 yen per share for FY06 and 40 yen per share for FY07. This amount was set by the estimated free cash flow during the “Nissan Value-Up” period and to maintain competitiveness in the automotive industry.



## **2. Description of Nissan group**

Disclosure of Description of Nissan group is omitted due to its low materiality that significant change of the group and segmentation has not occurred for FY06.

### 3. CONSOLIDATED FINANCIAL STATEMENTS

#### 1) Consolidated Balance Sheets

as of Mar 31, 2007 and Mar 31, 2006

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

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

	as of Mar 31, 2007	as of Mar 31, 2006	Change
<b>[ASSETS]</b>			
<b>CURRENT ASSETS</b>	<b>6,492,886</b>	<b>6,022,254</b>	<b>470,632</b>
Cash on hand and in banks	457,925	414,772	43,153
Notes & accounts receivable	679,119	488,600	190,519
Finance receivables	3,557,223	3,589,127	(31,904)
Marketable securities	28,255	11,589	16,666
Inventories	1,004,671	856,499	148,172
Deferred tax assets	324,979	314,859	10,120
Other current assets	440,714	346,808	93,906
<b>FIXED ASSETS</b>	<b>5,909,322</b>	<b>5,458,664</b>	<b>450,658</b>
Property, plant and equipment	4,877,188	4,438,808	438,380
Intangible assets	185,313	186,949	(1,636)
Investment securities	386,212	403,386	(17,174)
Long-term loans receivable	26,322	18,520	7,802
Deferred tax assets	157,495	163,550	(6,055)
Other non current assets	276,792	247,451	29,341
<b>DEFERRED ASSET</b>	<b>-</b>	<b>508</b>	<b>(508)</b>
<b>TOTAL ASSETS</b>	<b>12,402,208</b>	<b>11,481,426</b>	<b>920,782</b>
<b>[LIABILITIES]</b>			
<b>CURRENT LIABILITIES</b>	<b>5,575,319</b>	<b>4,851,709</b>	<b>723,610</b>
Notes & accounts payable	1,103,186	983,594	119,592
Short-term borrowings	3,097,411	2,533,766	563,645
Accrued expenses	589,337	548,726	40,611
Deferred tax liabilities	9,064	8,063	1,001
Accrued warranty costs	92,279	81,112	11,167
Lease obligation	50,421	58,523	(8,102)
Other current liabilities	633,621	637,925	(4,304)
<b>LONG-TERM LIABILITIES</b>	<b>2,949,895</b>	<b>3,255,841</b>	<b>(305,946)</b>
Bonds and debentures	729,707	708,207	21,500
Long-term borrowings	1,167,814	1,445,688	(277,874)
Deferred tax liabilities	507,600	502,091	5,509
Accrued warranty costs	130,111	132,107	(1,996)
Accrued retirement benefits	194,494	267,695	(73,201)
Lease obligation	59,140	71,708	(12,568)
Other long-term liabilities	161,029	128,345	32,684
<b>TOTAL LIABILITIES</b>	<b>8,525,214</b>	<b>8,107,550</b>	<b>417,664</b>
<b>MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES</b>	<b>-</b>	<b>285,893</b>	<b>(285,893)</b>
<b>[SHAREHOLDERS' EQUITY]</b>			
<b>COMMON STOCK</b>	<b>-</b>	<b>605,814</b>	<b>(605,814)</b>
<b>CAPITAL SURPLUS</b>	<b>-</b>	<b>804,470</b>	<b>(804,470)</b>
<b>RETAINED EARNINGS</b>	<b>-</b>	<b>2,116,825</b>	<b>(2,116,825)</b>
<b>UNREALIZED HOLDING GAIN ON SECURITIES</b>	<b>-</b>	<b>14,340</b>	<b>(14,340)</b>
<b>TRANSLATION ADJUSTMENTS</b>	<b>-</b>	<b>(204,313)</b>	<b>204,313</b>
<b>TREASURY STOCK</b>	<b>-</b>	<b>(249,153)</b>	<b>249,153</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>3,087,983</b>	<b>(3,087,983)</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS &amp; SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>11,481,426</b>	<b>(11,481,426)</b>
<b>[NET ASSETS]</b>			
<b>SHAREHOLDERS' EQUITY</b>	<b>3,586,616</b>	<b>-</b>	<b>3,586,616</b>
Common stock	605,814	-	605,814
Capital surplus	804,470	-	804,470
Retained earnings	2,402,726	-	2,402,726
Treasury stock	(226,394)	-	(226,394)
<b>VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS</b>	<b>(41,379)</b>	<b>-</b>	<b>(41,379)</b>
Unrealized holding gain on securities	5,826	-	5,826
Unrealized gain and loss from hedging	1,817	-	1,817
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	68,923	-	68,923
Land revaluation of foreign subsidiaries	5,095	-	5,095
Unfunded retirement benefit obligation of foreign subsidiaries	(13,826)	-	(13,826)
Translation adjustments	(109,214)	-	(109,214)
<b>SHARE SUBSCRIPTION RIGHTS</b>	<b>2,711</b>	<b>-</b>	<b>2,711</b>
<b>MINORITY INTERESTS</b>	<b>329,046</b>	<b>-</b>	<b>329,046</b>
<b>TOTAL NET ASSETS</b>	<b>3,876,994</b>	<b>-</b>	<b>3,876,994</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>12,402,208</b>	<b>-</b>	<b>12,402,208</b>

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

## 2) Consolidated Statements of Income

(FY2006 and FY2005)

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

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

	FY2006	FY2005	Change	
			Amount	%
	100%	100%		
<b>NET SALES</b>	<b>10,468,583</b>	<b>9,428,292</b>	<b>1,040,291</b>	<b>11.0 %</b>
COST OF SALES	8,027,186	7,040,987	986,199	
	23.3%	25.3%	(2.0) %	
Gross profit	2,441,397	2,387,305	54,092	2.3 %
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,664,458	1,515,464	148,994	
	7.4%	9.2%	(1.8) %	
<b>Operating income</b>	<b>776,939</b>	<b>871,841</b>	<b>(94,902)</b>	<b>(10.9) %</b>
NON-OPERATING INCOME	65,914	74,799	(8,885)	
Interest and dividend income	25,546	21,080	4,466	
Equity in earnings of unconsolidated subsidiaries & affiliates	20,187	37,049	(16,862)	
Foreign exchange gain	5,796	-	5,796	
Other non-operating income	14,385	16,670	(2,285)	
NON-OPERATING EXPENSES	81,802	100,768	(18,966)	
Interest expense	30,664	25,646	5,018	
Amortization of net retirement benefit obligation at transition	10,928	11,145	(217)	
Foreign exchange loss	-	34,836	(34,836)	
Other non-operating expenses	40,210	29,141	11,069	
	7.3%	9.0%	(1.7) %	
<b>Ordinary income</b>	<b>761,051</b>	<b>845,872</b>	<b>(84,821)</b>	<b>(10.0) %</b>
SPECIAL GAINS	73,687	82,455	(8,768)	
SPECIAL LOSSES	137,306	119,286	18,020	
	6.7%	8.6%	(1.9) %	
<b>Income before income taxes and minority interests</b>	<b>697,432</b>	<b>809,041</b>	<b>(111,609)</b>	<b>(13.8) %</b>
INCOME TAXES—CURRENT	202,328	274,463	(72,135)	
INCOME TAXES—DEFERRED	9,834	(20,055)	29,889	
MINORITY INTERESTS	24,474	36,583	(12,109)	
	4.4%	5.5%	(1.1) %	
<b>NET INCOME</b>	<b>460,796</b>	<b>518,050</b>	<b>(57,254)</b>	<b>(11.1) %</b>

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

**The three-month period ended March 31**

(in millions of Yen)

	FY2006 fourth quarter (The three-month)	FY2005 fourth quarter (The three-month)	Change	
			Amount	%
	100%	100%		
<b>NET SALES</b>	<b>3,591,421</b>	<b>2,636,033</b>	<b>955,388</b>	<b>36.2 %</b>
COST OF SALES	2,783,090	1,976,534	806,556	
	22.5%	25.0%	(2.5)%	
Gross profit	808,331	659,499	148,832	22.6 %
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	563,102	418,817	144,285	
	6.8%	9.1%	(2.3)%	
<b>Operating income</b>	<b>245,229</b>	<b>240,682</b>	<b>4,547</b>	<b>1.9 %</b>
NON-OPERATING INCOME	14,300	24,289	(9,989)	
Interest and dividend income	9,047	4,019	5,028	
Equity in earnings of unconsolidated subsidiaries & affiliates	1,412	16,074	(14,662)	
Other non-operating income	3,841	4,196	(355)	
NON-OPERATING EXPENSES	36,442	24,570	11,872	
Interest expense	10,161	6,809	3,352	
Amortization of net retirement benefit obligation at transition	2,738	2,759	(21)	
Foreign exchange loss	2,080	5,926	(3,846)	
Other non-operating expenses	21,463	9,076	12,387	
	6.2%	9.1%	(2.9)%	
<b>Ordinary income</b>	<b>223,087</b>	<b>240,401</b>	<b>(17,314)</b>	<b>(7.2) %</b>
SPECIAL GAINS	21,719	33,987	(12,268)	
SPECIAL LOSSES	72,717	48,142	24,575	
	4.8%	8.6%	(3.8)%	
<b>Income before income taxes and minority interests</b>	<b>172,089</b>	<b>226,246</b>	<b>(54,157)</b>	<b>(23.9) %</b>
INCOME TAXES	80,392	65,672	14,720	
MINORITY INTERESTS	9,535	8,209	1,326	
	2.3%	5.8%	(3.5)%	
<b>NET INCOME</b>	<b>82,162</b>	<b>152,365</b>	<b>(70,203)</b>	<b>(46.1) %</b>

### 3) Consolidated Statement of Changes in Net Assets

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

	SHAREHOLDERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Balances as of Mar. 31, 2006	605,814	804,470	2,116,825	(249,153)	3,277,956
Changes in FY2006					
Cash dividends paid	-	-	(131,064)	-	(131,064)
Bonuses to directors and statutory auditors	-	-	(560)	-	(560)
Net income	-	-	460,796	-	460,796
Disposal of treasury stock	-	-	(3,477)	33,134	29,657
Purchases of treasury stock	-	-	-	(10,375)	(10,375)
Changes due to merger	-	-	361	-	361
Changes in the scope of consolidation	-	-	(3,728)	-	(3,728)
Changes in the scope of equity method	-	-	(763)	-	(763)
Net changes in items other than those in shareholders' equity (note)	-	-	(35,664)	-	(35,664)
Total changes in FY2006	-	-	285,901	22,759	308,660
Balances as of Mar. 31, 2007	605,814	804,470	2,402,726	(226,394)	3,586,616

	VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS							SHARE SUBSCRIPTION RIGHTS	MINORITY INTERESTS	TOTAL NET ASSETS
	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Land revaluation of foreign subsidiaries	Unfunded retirement benefit obligation of foreign subsidiaries	Translation adjustments	Total Valuation, Translation Adjustments and Others			
Balances as of Mar. 31, 2006	14,340	-	-	-	-	(204,313)	(189,973)	3,144	285,893	3,377,020
Changes in FY2006										
Cash dividends paid	-	-	-	-	-	-	-			(131,064)
Bonuses to directors and statutory auditors	-	-	-	-	-	-	-			(560)
Net income	-	-	-	-	-	-	-			460,796
Disposal of treasury stock	-	-	-	-	-	-	-			29,657
Purchases of treasury stock	-	-	-	-	-	-	-			(10,375)
Changes due to merger	-	-	-	-	-	-	-			361
Changes in the scope of consolidation	-	-	-	-	-	-	-			(3,728)
Changes in the scope of equity method	-	-	-	-	-	-	-			(763)
Net changes in items other than those in shareholders' equity (note)	(8,514)	1,817	68,923	5,095	(13,826)	95,099	148,594	(433)	43,153	155,650
Total changes in FY2006	(8,514)	1,817	68,923	5,095	(13,826)	95,099	148,594	(433)	43,153	499,974
Balances as of Mar. 31, 2007	5,826	1,817	68,923	5,095	(13,826)	(109,214)	(41,379)	2,711	329,046	3,876,994

(note) As a result of the adoption of a new accounting standard for consolidated statement of changes in net assets, 35,664 million Yen which had been included in retained earnings until FY2005 has been reclassified to valuation, translation adjustments and others.

Millions of yen	
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	49,915
Land revaluation of foreign subsidiaries	5,134
Unfunded retirement benefit obligation of foreign subsidiaries	(19,385)
Total amount reclassified from retained earnings to valuation, translation adjustments and others	35,664

## **4) Consolidated Statements of Capital Surplus and Retained Earnings**

(FY2005)

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

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

	FY2005
<b>( Capital surplus )</b>	
<b>Capital surplus at beginning of period</b>	<b>804,470</b>
<b>Capital surplus at end of period</b>	<b>804,470</b>
<b>( Retained earnings )</b>	
<b>Retained earnings at beginning of period</b>	<b>1,715,099</b>
<b>Increase</b>	<b>529,880</b>
Net income	518,050
Increase due to inclusion in consolidation	202
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	9,331
Increase due to land revaluation of foreign subsidiaries	2,297
<b>Decrease</b>	<b>128,154</b>
Cash dividends paid	105,661
Bonuses to directors and statutory auditors	573
Loss on disposal of treasury stock	11,507
Decrease due to exclusion from the equity method	2,874
Decrease due to increase in unfunded retirement benefit obligation of foreign subsidiaries	884
Decrease due to land revaluation of foreign subsidiaries	651
Decrease due to an affiliate's transition to International Financial Reporting Standards	6,004
<b>Retained earnings at end of period</b>	<b>2,116,825</b>

## 5) Consolidated Statements of Cash Flows

(FY2006 and FY2005)

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

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

	FY2006	FY2005
<b>Operating activities</b>		
Income before income taxes and minority interests	697,432	809,041
Depreciation and amortization (fixed assets excluding leased vehicles)	441,703	398,772
Amortization (long-term prepaid expenses)	24,118	20,058
Depreciation (leased vehicles)	305,402	236,572
Impairment loss	22,673	26,827
Provision for doubtful receivables	9,996	4,561
Unrealized loss on investments	459	212
Interest and dividend income	(25,546)	(21,080)
Interest expense	145,547	104,265
Gain on sales of property, plant and equipment	(28,485)	(16,742)
Loss on disposal of fixed assets	25,403	22,213
Gain on sales of investment securities	(3,566)	(40,223)
(Increase) Decrease in trade receivables	(114,960)	90,391
Decrease (Increase) in finance receivables	44,341	(311,685)
Increase in inventories	(88,765)	(117,120)
Increase in trade payables	54,368	88,129
Amortization of net retirement benefit obligation at transition	10,928	11,145
Retirement benefit expenses	55,438	63,564
Payments related to retirement benefits	(157,821)	(314,349)
Other	12,118	13,587
Sub-total	1,430,783	1,068,138
Interest and dividends received	24,622	21,034
Interest paid	(143,650)	(102,219)
Income taxes paid	(268,928)	(229,084)
Total	1,042,827	757,869
<b>Investing activities</b>		
Decrease in short-term investments	7,210	7,078
Purchases of fixed assets	(546,848)	(471,029)
Proceeds from sales of property, plant and equipment	72,308	55,790
Purchases of leased vehicles	(957,356)	(953,285)
Proceeds from sales of leased vehicles	304,912	264,124
Long-term loans made	(12,625)	(3,549)
Collection of long-term loans receivable	4,211	3,225
Purchases of investment securities	(17,117)	(23,930)
Proceeds from sales of investment securities	36,486	46,060
Purchase of subsidiaries' shares resulting in changes in the scope of consolidation	(1,391)	-
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	1,308	4,705
Additional acquisition of shares of consolidated subsidiaries	-	(16,020)
Other	(5,685)	(25,924)
Total	(1,114,587)	(1,112,755)
<b>Financing activities</b>		
Increase in short-term borrowings	492,538	376,048
Increase in long-term borrowings	969,461	883,548
Increase in bonds and debentures	123,730	390,706
Repayment or redemption of long-term debt	(1,292,530)	(1,010,306)
Proceeds from minority interests	260	1,321
Purchases of treasury stock	(10,375)	(22,208)
Proceeds from sales of treasury stock	29,087	26,423
Repayment of lease obligation	(66,775)	(76,071)
Cash dividends paid	(131,064)	(105,661)
Cash dividends paid to minority shareholders	(7,453)	(6,487)
Other	33	606
Total	106,912	457,919
<b>Effect of exchange rate changes on cash and cash equivalents</b>	16,640	11,389
<b>Increase in cash and cash equivalents</b>	51,792	114,422
<b>Cash and cash equivalent at beginning of the period</b>	404,212	289,784
<b>Increase due to inclusion in consolidation</b>	13,384	6
<b>Cash and cash equivalent at end of the period</b>	469,388	404,212

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

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

(1) Consolidated subsidiaries ; 188 companies ( Domestic 94, Overseas 94)

Other subsidiary companies are excluded from consolidation because the effect of not consolidating them was immaterial to the Company's consolidated financial statements.

(2) Companies Accounted for by the Equity Method

Unconsolidated subsidiaries;      32 companies (Domestic 20, Overseas 12)  
Affiliates;                              15 companies (Domestic 14, Overseas 1)

Other subsidiaries and affiliates other than the above companies were not accounted for by the equity method because the effect accounted for by the equity method because the effect of not adopting the equity method to them was immaterial to the Company's consolidated net income, retained earnings and others.

(3) Change in the Scope of Consolidation and Equity Method

The change in the scope of consolidation and equity method compared with fiscal year 2005 was summarized as follows:

Number of companies newly included in the scope of consolidation; 64 subsidiaries  
Number of companies excluded from the scope of consolidation ; 63 subsidiaries  
Number of companies newly accounted for by the equity method; 6 companies  
Number of companies ceased to be accounted for by the equity method of accounting; 6 companies

The increase in the number of consolidated subsidiaries and companies including Toyo Nissan Motor Co., Ltd. accounted for by the equity method were primarily attributable to those newly established or became material to the consolidated financial statements, and the decrease were due to merger.

52 companies are accounted as both "Newly included in the scope of consolidation" and "Excluded from the scope of consolidation" for FY2006 due to the re-organization of domestic dealers.

### **2. Fiscal Period of Consolidated Subsidiaries**

1) The end of FY2006 for the following consolidated subsidiaries is different from that of the Company (March 31)

December 31 year end Companies :    Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd., Nissan Europe S.A.S.,  
Nissan Mexicana, S.A. De C. V. and 27 other overseas subsidiaries

2) In order to fairly state the consolidated financial statements, Nissan Europe S.A.S., Nissan Mexicana, S.A. De C. V. and 20 other consolidated subsidiaries whose fiscal year end is December 31 have started to close at March for a reporting purpose with the improvement in their reporting systems and processes. With respect to Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd. and 7 other companies, the necessary adjustments were made in consolidation to reflect any significant transactions from January 1 to March 31.



## **7) Accounting changes**

### **Accounting Standard for Share-based Payment**

Effective April 1, 2006, the Company adopted the Accounting Standard for Share-based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).

The effect of this change was to decrease operating income, ordinary income and income before income taxes by ¥1,037 million for the FY06 (April 1, 2006 through March 31, 2007) compared with the corresponding amounts which would have been recorded if the previous method had been followed.

### **Accounting Standard for Presentation of Net Assets in the Balance Sheet**

Effective April 1, 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005)

Shareholders' equity under the previous presentation method amounted to 3,543,420 million as of March 31st, 2007. Net assets in the balance sheet as of March 31, 2007 have been presented in accordance with the revised "Regulations for Consolidated Financial Statements."

### **Fiscal Year Change of Consolidated Subsidiaries**

Until last year, since the difference between the fiscal year end of the parent company and those of 55 consolidated subsidiaries was within three months, the operating results of those subsidiaries were consolidated by using their financial statements as of their respective fiscal year ends.

Effective this fiscal year, 22 consolidated subsidiaries have been consolidated by using their financial statements as of the parent fiscal year end which were prepared solely for consolidation purposes. This change was made, upon the completion of the internal reporting systems which allow those subsidiaries to accelerate their financial statement closing process, in order to make the disclosures of the consolidated financial statements more meaningful by unifying the fiscal year. In addition, 33 consolidated subsidiaries have also changed their fiscal year end to March 31 for the same reason. Accordingly, the operating results for the 15-month period from January 1, 2006 to March 31, 2007 of the 55 consolidated subsidiaries have been included in the consolidated financial statements for the year ended March 31, 2007.

As a result, net sales, operating income, ordinary income and income before income taxes and minority interests increased by 767,606 million yen, 21,443 million yen, 18,483 million yen, 15,661 million yen and 11,589 million yen, respectively, over the corresponding amounts which would have been reported under the previous method.

This change was made in the second half of this fiscal year since the internal reporting systems were completed in such period by the subsidiaries.

The effect of this change on segment information is explained in the applicable section.

## 8) Notes to Consolidated Financial Statements

### 1. Accumulated depreciation of property, plant and equipment

(Millions of yen)  
4,349,349

(The above amount includes depreciation of leased assets: 160,851)

### 2. Discounted notes receivables

(Millions of yen)  
5,229

### 3. Contingent liabilities

At March 31, 2007, the Company and its consolidated subsidiaries had the following contingent liabilities:

	(Millions of yen)
1) As guarantor of employees' housing loans from banks and others (160,182 for employees, 51,403 for others)	211,585
2) Commitments to provide guarantees of indebtedness of unconsolidated subsidiaries and affiliates at the request of lending banks	1,064
3) The outstanding balance of installment receivables sold with recourse	6,076

### 4. Research and development costs included in cost of sales and general and administrative expenses

(Millions of yen)  
464,839

### 5. Impairment losses

Type of assets	Asset category	Location	Millions of yen
Idle assets	Land, Buildings and Structures, Machinery and equipment	Yao-shi, Osaka, and 93 other locations	9,298
Assets to be sold	Land, Buildings and Structures	Kita-ku, Tokyo, and 14 other locations	1,078
Assets to be disposed of	Land, Buildings and Structures	Kyoto-shi, Kyoto, and 106 other locations	12,297

**6. Consolidated statement of changes in net assets**

(FY2006)

## 1. Shares issued and outstanding

Type of shares	Number of shares at the end of the prior fiscal year	Increase	Decrease	Number of shares at the end of this fiscal year
Common stock (in thousands)	4,520,715	-	-	4,520,715

## 2. Treasury Stock

Type of shares	Number of shares at the end of the prior fiscal year	Increase	Decrease	Number of shares at the end of this fiscal year
Common stock (in thousands)	422,763	16,193	29,659	409,297

(Outline of changes)

Details of the increase are as follows

Increase by purchase of the stocks less than unit	8,337 thousand shares
Increase by purchases of treasury stock	7,810 thousand shares
Increase in stocks held by companies accounted for by the equity method	46 thousand shares

Details of the decrease are as follows.

Decrease by having exercised new share subscription rights	29,657 thousand shares
Decrease in stocks held by companies accounted for by the equity method	2 thousand shares

## 3. Share subscription rights

Company	Description	Type of shares	Number of shares (in thousands)				Balance at the end of this fiscal year (millions of Yen)
			Number of shares at the end of the prior fiscal year	Increase	Decrease	Number of shares at the end of this fiscal year	
Parent Compan y	Euro-yen bonds with warrant due 2007	Common stock	15,937	-	15,937	-	-
	Euro-yen bonds with warrant due 2008	Common stock	44,703	-	11,625	33,078	1,674
	Subscription rights as stock options			-			1,037
Total				-			2,711

## 4. Dividends

## (1) Dividends

Resolution	Type of shares	Cash dividends paid (millions of Yen)	Dividends per share (Yen)	Cut off date	Effective date
General meeting of shareholders held on June 27, 2006	Common stock	61,329	15	March 31, 2006	June 28, 2006
Board of directors' meeting held on October 26, 2006	Common stock	69,735	17	September 30, 2006	November 28, 2006

(note) Cash dividends paid has been adjusted by the portion of dividends paid to Renault.

## (2) Dividends, cut off date of which was in FY2006, and effective date of which will be next fiscal year

Type of shares	Common stock
Resources of dividends	Retained earnings
Total dividends (millions of Yen)	69,894 millions of Yen (Dividends per share : 17 Yen)
Cut off date	Mar 31, 2007
Effective date	Undetermined

(note) Total dividends has been adjusted by the portion of dividends paid to Renault.

## 7. Cash flows

Cash and cash equivalents at the end of fiscal year 2006 are reconciled to the accounts reported in the consolidated balance sheet as follows:

(as of March 31, 2007)	(Millions of yen)
Cash on hand and in banks	457,925
Time deposits with maturities of more than three months	(14,356)
Cash equivalents included in marketable securities (*)	25,819
Cash and cash equivalents	469,388

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

## 8. Segment information

Nissan Motor Co., Ltd. (7201)  
FY2006 Consolidated Financial Results

### 1. Business segment information

Fiscal year 2006

(in millions of Yen)

	Automobile	Sales Financing	Total	Eliminations	Consolidated
I. Net sales					
(1) Sales to third parties	9,790,484	678,099	10,468,583	—	10,468,583
(2) Inter-group sales	28,767	16,613	45,380	(45,380)	—
Total	9,819,251	694,712	10,513,963	(45,380)	10,468,583
Operating expenses	9,171,272	618,959	9,790,231	(98,587)	9,691,644
Operating income	647,979	75,753	723,732	53,207	776,939
II. TOTAL ASSETS, DEPRECIATION EXPENSE , IMPAIRMENT LOSS AND CAPITAL EXPENDITURES					
TOTAL ASSETS	7,910,116	5,910,380	13,820,496	(1,418,288)	12,402,208
DEPRECIATION EXPENSE	447,924	323,299	771,223	-	771,223
IMPAIRMENT LOSS	22,673	-	22,673	-	22,673
CAPITAL EXPENDITURES	578,363	925,841	1,504,204	-	1,504,204

Fiscal year 2005

(in millions of Yen)

	Automobile	Sales Financing	Total	Eliminations	Consolidated
I. Net sales					
(1) Sales to third parties	8,895,143	533,149	9,428,292	—	9,428,292
(2) Inter-group sales	28,563	14,794	43,357	(43,357)	—
Total	8,923,706	547,943	9,471,649	(43,357)	9,428,292
Operating expenses	8,160,292	478,218	8,638,510	(82,059)	8,556,451
Operating income	763,414	69,725	833,139	38,702	871,841
II. TOTAL ASSETS, DEPRECIATION EXPENSE , IMPAIRMENT LOSS AND CAPITAL EXPENDITURES					
TOTAL ASSETS	7,152,144	5,710,239	12,862,383	(1,380,957)	11,481,426
DEPRECIATION EXPENSE	400,787	254,615	655,402	-	655,402
IMPAIRMENT LOSS	26,794	33	26,827	-	26,827
CAPITAL EXPENDITURES	503,916	920,398	1,424,314	-	1,424,314

Note: 1. Businesses are segmented based on their proximity in terms of types, nature and markets of their products.

2. Major products and services included in each segment are;

(1) Automobile : Passenger cars, Light trucks and buses, Forklift, Parts for production, etc.

(2) Sales Financing : Credit, Lease, etc.

3. As discussed in accounting changes, 33 consolidated subsidiaries have changed their local statutory closing from December 31 to March 31 and 22 consolidated subsidiaries have started to close at March 31 for a reporting purpose with the improvement in their reporting systems and processes.

The effects of this change were to increase net sales of automobile segment by ¥759,391 million, sales financing segment by ¥9,586 million and inter-group net sales by ¥1,371 million. Also, the effects of this change were to increase operating income of automobile segment by ¥18,785 million and sales financing segment by ¥1,796 million and to decrease inter-group operating income by ¥862 million.

The three-month period ended March 31, 2007 (in millions of Yen)

	Automobile	Sales Financing	Total	Eliminations	Consolidated
Net sales					
(1) Sales to third parties	3,405,816	185,605	3,591,421	—	3,591,421
(2) Inter-group sales	9,678	5,186	14,864	(14,864)	—
Total	3,415,494	190,791	3,606,285	(14,864)	3,591,421
Operating expenses	3,205,688	169,412	3,375,100	(28,908)	3,346,192
Operating income	209,806	21,379	231,185	14,044	245,229

The three-month period ended March 31, 2006 (in millions of Yen)

	Automobile	Sales Financing	Total	Eliminations	Consolidated
Net sales					
(1) Sales to third parties	2,488,287	147,746	2,636,033	—	2,636,033
(2) Inter-group sales	9,096	4,135	13,231	(13,231)	—
Total	2,497,383	151,881	2,649,264	(13,231)	2,636,033
Operating expenses	2,291,595	132,565	2,424,160	(28,809)	2,395,351
Operating income	205,788	19,316	225,104	15,578	240,682

Note: 1. Businesses are segmented based on their proximity in terms of types, nature and markets of their products.

2. Major products and services included in each segment are;

(1) Automobile : Passenger cars, Light trucks and buses, Forklift, Parts for production, etc.

(2) Sales Financing : Credit, Lease, etc.

3. As discussed in accounting changes, 33 consolidated subsidiaries have changed their local statutory closing from December 31 to March 31 and 22 consolidated subsidiaries have started to close at March 31 for a reporting purpose with the improvement in their reporting systems and processes.

The effects of this change were to increase net sales of automobile segment by ¥759,391 million, sales financing segment by ¥9,586 million and inter-group net sales by ¥1,371 million. Also, the effects of this change were to increase operating income of automobile segment by ¥18,785 million and sales financing segment by ¥1,796 million and to decrease inter-group operating income by ¥862 million.

## 2. Consolidated Financial Statements by Business Segment

Nissan Motor Co., Ltd. (7201)  
FY2006 Consolidated Financial Results

\* The sales financing segment consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA), NR Finance Mexico S.A. de C.V. SOFOM E.N.R (Mexico), NR Wholesale Mexico, S.A. De C.V. (Mexico), ESARA, S.A. de C.V. (Mexico), Nissan Leasing (Thailand) Co., Ltd. (Thailand) and sales financing division of Nissan Canada Inc. (Canada).

\* The financial data on the automobile and eliminations segment represents the difference between the consolidated figures and those for the sales financing segment.

### 1). Balance sheets by business segment

		(millions of Yen)								
		Automobile & eliminations			Sales Financing			Consolidated total		
		as of 3/31/07	as of 3/31/06	Change	as of 3/31/07	as of 3/31/06	Change	as of 3/31/07	as of 3/31/06	Change
<b>Current assets</b>		2,494,573	1,971,440	523,133	3,998,313	4,050,814	(52,501)	6,492,886	6,022,254	470,632
Cash on hand and in banks		450,916	402,968	47,948	7,009	11,804	(4,795)	457,925	414,772	43,153
Notes & accounts receivable		679,087	488,571	190,516	32	29	3	679,119	488,600	190,519
finance receivables		(209,718)	(232,709)	22,991	3,766,941	3,821,836	(54,895)	3,557,223	3,589,127	(31,904)
Marketable securities		25,658	11,589	14,069	2,597	-	2,597	28,255	11,589	16,666
Inventories		986,150	847,243	138,907	18,521	9,256	9,265	1,004,671	856,499	148,172
Other current assets		562,480	453,778	108,702	203,213	207,889	(4,676)	765,693	661,667	104,026
<b>Fixed assets</b>		3,997,255	3,799,239	198,016	1,912,067	1,659,425	252,642	5,909,322	5,458,664	450,658
Property, plant and equipment		3,097,369	2,926,753	170,616	1,779,819	1,512,055	267,764	4,877,188	4,438,808	438,380
Investment securities		384,337	401,520	(17,183)	1,875	1,866	9	386,212	403,386	(17,174)
Other non current assets		515,549	470,966	44,583	130,373	145,504	(15,131)	645,922	616,470	29,452
<b>Deferred assets</b>		-	508	(508)	-	-	-	-	508	(508)
<b>Total assets</b>		6,491,828	5,771,187	720,641	5,910,380	5,710,239	200,141	12,402,208	11,481,426	920,782
<b>Current liabilities</b>		2,019,185	1,503,605	515,580	3,556,134	3,348,104	208,030	5,575,319	4,851,709	723,610
Notes & accounts payable		1,076,607	957,055	119,552	26,579	26,539	40	1,103,186	983,594	119,592
Short-term borrowings		(295,103)	(665,980)	370,877	3,392,514	3,199,746	192,768	3,097,411	2,533,766	563,645
Lease obligation		49,819	57,804	(7,985)	602	719	(117)	50,421	58,523	(8,102)
Other current liabilities		1,187,862	1,154,726	33,136	136,439	121,100	15,339	1,324,301	1,275,826	48,475
<b>Long-term liabilities</b>		1,061,127	1,305,214	(244,087)	1,888,768	1,950,627	(61,859)	2,949,895	3,255,841	(305,946)
Bonds and debentures		349,689	381,346	(31,657)	380,018	326,861	53,157	729,707	708,207	21,500
Long-term borrowings		39,863	174,734	(134,871)	1,127,951	1,270,954	(143,003)	1,167,814	1,445,688	(277,874)
Lease obligation		59,140	71,708	(12,568)	-	-	-	59,140	71,708	(12,568)
Other long-term liabilities		612,435	677,426	(64,991)	380,799	352,812	27,987	993,234	1,030,238	(37,004)
<b>Total liabilities</b>		3,080,312	2,808,819	271,493	5,444,902	5,298,731	146,171	8,525,214	8,107,550	417,664
<b>Minority interests</b>		-	284,062	(284,062)	-	1,831	(1,831)	-	285,893	(285,893)
Common stock		-	514,489	(514,489)	-	91,325	(91,325)	-	605,814	(605,814)
Capital surplus		-	773,623	(773,623)	-	30,847	(30,847)	-	804,470	(804,470)
Retained earnings and unrealized holding gain on securities		-	1,870,127	(1,870,127)	-	261,038	(261,038)	-	2,131,165	(2,131,165)
Translation adjustments		-	(230,780)	230,780	-	26,467	(26,467)	-	(204,313)	204,313
Treasury stock		-	(249,153)	249,153	-	-	-	-	(249,153)	249,153
<b>Total shareholders' equity</b>		-	2,678,306	(2,678,306)	-	409,677	(409,677)	-	3,087,983	(3,087,983)
<b>Total liabilities, minority interests and shareholders' equity</b>		-	5,771,187	(5,771,187)	-	5,710,239	(5,710,239)	-	11,481,426	(11,481,426)
<b>Shareholders' equity</b>		3,152,432	-	3,152,432	434,184	-	434,184	3,586,616	-	3,586,616
Common stock		513,167	-	513,167	92,647	-	92,647	605,814	-	605,814
Capital surplus		773,623	-	773,623	30,847	-	30,847	804,470	-	804,470
Retained earnings		2,092,036	-	2,092,036	310,690	-	310,690	2,402,726	-	2,402,726
Treasury stock		(226,394)	-	(226,394)	-	-	-	(226,394)	-	(226,394)
<b>Valuation, Translation adjustments and others</b>		(69,979)	-	(69,979)	28,600	-	28,600	(41,379)	-	(41,379)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting		68,887	-	68,887	36	-	36	68,923	-	68,923
Translation adjustments		(137,380)	-	(137,380)	28,166	-	28,166	(109,214)	-	(109,214)
Other		(1,486)	-	(1,486)	398	-	398	(1,088)	-	(1,088)
<b>Share Subscription Rights</b>		2,711	-	2,711	-	-	-	2,711	-	2,711
<b>Minority interests</b>		326,352	-	326,352	2,694	-	2,694	329,046	-	329,046
<b>Total net assets</b>		3,411,516	-	3,411,516	465,478	-	465,478	3,876,994	-	3,876,994
<b>Total liabilities &amp; net assets</b>		6,491,828	-	6,491,828	5,910,380	-	5,910,380	12,402,208	-	12,402,208

Note: 1. Finance receivables of Automobile & eliminations represent the amount eliminated for intercompany transactions related to wholesale finance made by Sales Financing segment.

2. Borrowings of Automobile & eliminations represent the amount after deducting the amount of internal loans receivable from Sales Financing segment.  
(06/3 968,451 million yen, 07/3 1,013,908 million yen)

### (Interest bearing debt by business segment)

		(millions of Yen)								
		Automobile & eliminations			Sales Financing			Consolidated total		
		as of 3/31/07	as of 3/31/06	Change	as of 3/31/07	as of 3/31/06	Change	as of 3/31/07	as of 3/31/06	Change
Short-term borrowings from Third Parties		693,500	302,471	391,029	2,403,911	2,231,295	172,616	3,097,411	2,533,766	563,645
Internal Loans to Sales Financing		(988,603)	(968,451)	(20,152)	988,603	968,451	20,152	-	-	-
<b>Short-term borrowings (per B/S)</b>		(295,103)	(665,980)	370,877	3,392,514	3,199,746	192,768	3,097,411	2,533,766	563,645
Bonds and debentures		349,689	381,346	(31,657)	380,018	326,861	53,157	729,707	708,207	21,500
Long-term borrowings from Third Parties		65,168	174,734	(109,566)	1,102,646	1,270,954	(168,308)	1,167,814	1,445,688	(277,874)
Internal Loans to Sales Financing		(25,305)	-	(25,305)	25,305	-	25,305	-	-	-
Long-term borrowings (per B/S)		39,863	174,734	(134,871)	1,127,951	1,270,954	(143,003)	1,167,814	1,445,688	(277,874)
Lease obligation		108,959	129,512	(20,553)	602	719	(117)	109,561	130,231	(20,670)
Internal Loans from Sales Financing		1,918	-	1,918	(1,918)	-	(1,918)	-	-	-
<b>Total interest bearing debt</b>		205,326	19,612	185,714	4,899,167	4,798,280	100,887	5,104,493	4,817,892	286,601
Cash and cash equivalent		459,964	392,505	67,459	9,424	11,707	(2,283)	469,388	404,212	65,176
<b>Net interest bearing debt</b>		(254,638)	(372,893)	118,255	4,889,743	4,786,573	103,170	4,635,105	4,413,680	221,425
Debt for Canton Plant included		94,861	98,500	(3,639)	-	-	-	94,861	98,500	(3,639)
Lease obligation included		108,959	129,512	(20,553)	602	719	(117)	109,561	130,231	(20,670)
<b>Net interest bearing debt (excluding those related to Canton Plant and lease obligation)</b>		(458,458)	(600,905)	142,447	4,889,141	4,785,854	103,287	4,430,683	4,184,949	245,734

## 2). Statements of income by business segment

(millions of Yen)

	Consolidated total								
	Automobile & eliminations			Sales Financing			Change		
	4/1/06 - 3/31/07	4/1/05 - 3/31/06	Change	4/1/06 - 3/31/07	4/1/05 - 3/31/06	Change	4/1/06 - 3/31/07	4/1/05 - 3/31/06	Change
<b>Net sales</b>	9,773,871	8,880,349	893,522	694,712	547,943	146,769	10,468,583	9,428,292	1,040,291
Cost of sales	7,498,350	6,649,937	848,413	528,836	391,050	137,786	8,027,186	7,040,987	986,199
<b>Gross profit</b>	2,275,521	2,230,412	45,109	165,876	156,893	8,983	2,441,397	2,387,305	54,092
Operating profit as a percentage of net sales	7.2%	9.0%	(1.8%)	10.9%	12.7%	(1.8%)	7.4%	9.2%	(1.8%)
<b>Operating profit</b>	701,186	802,116	(100,930)	75,753	69,725	6,028	776,939	871,841	(94,902)
Net financial cost	(5,664)	(4,555)	(1,109)	546	(11)	557	(5,118)	(4,566)	(552)
Others	(11,520)	(21,315)	9,795	750	(88)	838	(10,770)	(21,403)	10,633
<b>Ordinary profit</b>	684,002	776,246	(92,244)	77,049	69,626	7,423	761,051	845,872	(84,821)
<b>Income before income taxes and minority interests</b>	621,236	739,962	(118,726)	76,196	69,079	7,117	697,432	809,041	(111,609)
<b>Net income</b>	413,529	476,688	(63,159)	47,267	41,362	5,905	460,796	518,050	(57,254)

Net financial cost

Total	(5,664)	(4,555)	(1,109)	546	(11)	557	(5,118)	(4,566)	(552)
Interest on Lease obligation	(3,323)	(3,952)	629	(13)	(16)	3	(3,336)	(3,968)	632
Eliminations	(55,569)	(37,507)	(18,062)	-	-	-	(55,569)	(37,507)	(18,062)
Net financial cost by segment	53,228	36,904	16,324	559	5	554	53,787	36,909	16,878

## 3). Statements of cash flows by business segment

(millions of Yen)

	FY06			FY05		
	Consolidated total			Consolidated total		
	Automobile & eliminations	Sales Financing		Automobile & eliminations	Sales Financing	
<b>Operating activities</b>						
Income before income taxes and minority interests	621,236	76,196	697,432	739,962	69,079	809,041
Depreciation and amortization	447,924	323,299	771,223	400,787	254,615	655,402
Increase (decrease) in finance receivables	(22,914)	67,255	44,341	19,341	(331,026)	(311,685)
Others	(528,386)	58,217	(470,169)	(468,999)	74,110	(394,889)
Subtotal	517,860	524,967	1,042,827	691,091	66,778	757,869
<b>Investing activities</b>						
Proceeds from sales of investment securities	37,794	-	37,794	50,765	-	50,765
Proceeds from sales of property, plant and equipment	72,308	0	72,308	55,789	1	55,790
Purchases of fixed assets	(537,129)	(9,719)	(546,848)	(456,550)	(14,479)	(471,029)
Purchases of leased vehicles	(41,234)	(916,122)	(957,356)	(47,366)	(905,919)	(953,285)
Proceeds from sales of leased vehicles	7,253	297,659	304,912	37,523	226,601	264,124
Others	(35,804)	10,407	(25,397)	(59,951)	831	(59,120)
Subtotal	(496,812)	(617,775)	(1,114,587)	(419,790)	(692,965)	(1,112,755)
<b>Financing activities</b>						
Increase in short-term borrowings	418,824	73,714	492,538	16,565	359,483	376,048
Increase (decrease) or redemption of long-term debt	(215,299)	(107,770)	(323,069)	(228,985)	102,227	(126,758)
Increase in bonds and debentures	-	123,730	123,730	227,386	163,320	390,706
Others	(186,460)	173	(186,287)	(183,960)	1,883	(182,077)
Subtotal	17,065	89,847	106,912	(168,994)	626,913	457,919
Effect of exchange rate changes on cash and cash equivalents	16,775	(135)	16,640	10,016	1,373	11,389
(Increase) decrease in cash and cash equivalents	54,888	(3,096)	51,792	112,323	2,099	114,422
Cash and cash equivalents at beginning of period	392,505	11,707	404,212	280,176	9,608	289,784
Increase due to inclusion in consolidation	12,571	813	13,384	6	-	6
<b>Cash and cash equivalents at end of period</b>	459,964	9,424	469,388	392,505	11,707	404,212

Note: 1. Increase in short-term borrowings of Automobile & eliminations include the amounts eliminated for decrease (FY0559,721 million yen) and increase (FY06 16,522 million yen) in internal loans receivable from Sales Financing segment.  
2. Increase in long-term borrowings of Automobile & eliminations include the amounts eliminated for increase (FY06 25,073 million yen) in internal loans receivable from Sales Financing segment.



### 3. Geographical segment information

Fiscal year 2006

(in millions of Yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Net sales							
(1) Sales to third parties	2,478,549	4,550,498	2,038,026	1,401,510	10,468,583	—	10,468,583
(2) Inter-group sales	2,205,469	138,945	128,388	27,528	2,500,330	(2,500,330)	—
Total	4,684,018	4,689,443	2,166,414	1,429,038	12,968,913	(2,500,330)	10,468,583
Operating expenses	4,411,824	4,329,427	2,084,112	1,370,801	12,196,164	(2,504,520)	9,691,644
Operating income	272,194	360,016	82,302	58,237	772,749	4,190	776,939
II. TOTAL ASSETS	6,031,316	6,085,485	1,482,333	1,070,801	14,669,935	(2,267,727)	12,402,208

Fiscal year 2005

(in millions of Yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Net sales							
(1) Sales to third parties	2,674,549	4,100,662	1,414,674	1,238,407	9,428,292	—	9,428,292
(2) Inter-group sales	2,194,405	138,585	82,632	13,928	2,429,550	(2,429,550)	—
Total	4,868,954	4,239,247	1,497,306	1,252,335	11,857,842	(2,429,550)	9,428,292
Operating expenses	4,478,536	3,852,304	1,430,127	1,194,714	10,955,681	(2,399,230)	8,556,451
Operating income	390,418	386,943	67,179	57,621	902,161	(30,320)	871,841
II. TOTAL ASSETS	5,961,342	5,751,652	746,016	798,533	13,257,543	(1,776,117)	11,481,426

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

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

- (1) North America : U.S.A., Canada, Mexico
- (2) Europe : France, U.K., Spain and other European countries
- (3) Others : Asia, Oceania, the Middle East, Central and South America excluding Mexico and South Africa

3. As discussed in accounting changes, 33 consolidated subsidiaries have changed their local statutory closing from December 31 to March 31 and 22 consolidated subsidiaries have started to close at March 31 for a reporting purpose with the improvement in their reporting systems and processes.

The effects of this change were to increase net sales of Japan segment by ¥62,479 million, North America segment by ¥219,878 million, Europe segment by ¥454,769 million, Others segment by ¥87,087 million and inter-group net sales by ¥56,607 million. Also, the effects of this change were to increase operating income of Japan segment by ¥1,586 million, North America segment by ¥21,403 million, Europe segment by ¥2,744 million, Others segment by ¥210 million and inter-group operating income by ¥4,500 million, respectively.

The three-month period ended March 31, 2007

(in millions of Yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
Net sales							
(1) Sales to third parties	757,863	1,466,651	922,416	444,491	3,591,421	—	3,591,421
(2) Inter-group sales	562,809	41,830	66,394	12,120	683,153	(683,153)	—
Total	1,320,672	1,508,481	988,810	456,611	4,274,574	(683,153)	3,591,421
Operating expenses	1,265,163	1,388,450	947,045	441,778	4,042,436	(696,244)	3,346,192
Operating income	55,509	120,031	41,765	14,833	232,138	13,091	245,229

The three-month period ended March 31, 2006

(in millions of Yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
Net sales							
(1) Sales to third parties	762,101	1,191,151	357,940	324,841	2,636,033	—	2,636,033
(2) Inter-group sales	565,406	47,112	32,563	5,592	650,673	(650,673)	—
Total	1,327,507	1,238,263	390,503	330,433	3,286,706	(650,673)	2,636,033
Operating expenses	1,231,384	1,116,652	368,417	317,804	3,034,257	(638,906)	2,395,351
Operating income	96,123	121,611	22,086	12,629	252,449	(11,767)	240,682

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

2. Major countries and areas which belong to segments other than Japan are as follow:

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

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

(3) Others : Asia, Oceania, the Middle East, Central and South America excluding Mexico and South Africa

3. As discussed in accounting changes, 33 consolidated subsidiaries have changed their local statutory closing from December 31 to March 31 and 22 consolidated subsidiaries have started to close at March 31 for a reporting purpose with the improvement in their reporting systems and processes.

The effects of this change were to increase net sales of Japan segment by ¥62,479 million, North America segment by ¥219,878 million, Europe segment by ¥454,769 million, Others segment by ¥87,087 million and inter-group net sales by ¥56,607 million. Also, the effects of this change were to increase operating income of Japan segment by ¥1,586 million, North America segment by ¥21,403 million, Europe segment by ¥2,744 million, Others segment by ¥210 million and inter-group operating income by ¥4,500 million, respectively.

#### 4. Overseas Net Sales

Overseas net sales and the related percentages of the sales to the total consolidated net sales are summarized as follows:

(in millions of Yen)

##### Fiscal year 2006

	North America	Europe	Other foreign countries	Total
(1) Overseas net sales	4,410,531	2,023,772	1,829,617	8,263,920
(2) Consolidated net sales				10,468,583
(3) Overseas net sales as a percentage of consolidated net sales [%]	42.1	19.3	17.5	78.9

##### The three-month period ended March 31, 2007

	North America	Europe	Other foreign countries	Total
(1) Overseas net sales	1,408,069	903,589	594,520	2,906,178
(2) Consolidated net sales				3,591,421
(3) Overseas net sales as a percentage of consolidated net sales [%]	39.2	25.1	16.6	80.9

##### Fiscal year 2005

(in millions of Yen)

	North America	Europe	Other foreign countries	Total
(1) Overseas net sales	4,014,475	1,414,929	1,655,630	7,085,034
(2) Consolidated net sales [%]				9,428,292
(3) Overseas net sales as a percentage of consolidated net sales [%]	42.6	15.0	17.6	75.2

##### The three-month period ended March 31, 2006

	North America	Europe	Other foreign countries	Total
(1) Overseas net sales	1,160,120	351,530	443,213	1,954,863
(2) Consolidated net sales				2,636,033
(3) Overseas net sales as a percentage of consolidated net sales [%]	44.0	13.3	16.8	74.1

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

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

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

(1) North America : USA, Canada, Mexico

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

(3) Other foreign countries : Asia, Oceania, the Middle East, Central and South America excluding Mexico and South Africa

4. As discussed in accounting changes, 33 consolidated subsidiaries have changed their local statutory closing from December 31 to March 31 and 22 consolidated subsidiaries have started to close at March 31 for a reporting purpose with the improvement in their reporting systems and processes.

The effects of this change were to increase overseas net sales of North America by ¥177,178 million, Europe by ¥402,598 million, Other foreign countries by ¥138,990 million, respectively.

## 9. Amounts per share

	Prior fiscal year ( From April 1, 2005 To March 31, 2006 )		Current fiscal year ( From April 1, 2006 To March 31, 2007 )
Net assets per share	¥753.40	Net assets per share	¥862.29
Basic net income per share	¥126.94	Basic net income per share	¥112.33
Diluted net income per share	¥125.96	Diluted net income per share	¥111.71

Note: The bases for calculation of basic and diluted net income per share are as follows:

	Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
Basic net income per share		
The average number of common stock during the fiscal year (Thousand shares)	4,076,552	4,102,114
Diluted net income per share		
Increase in common stock (Thousand shares)	31,611	22,736
(Exercise of warrants (Thousands shares))	28,479	17,446
(Exercise of share subscription rights (Thousands shares))	3,132	5,290

## 10. Omitted disclosure

Disclosure of following items are omitted due to their materialities.

- Lease transactions
- Transaction with related party
- Deferred tax accounting
- Securities
- Derivative transactions
- Retirement benefits
- Stock option

## 9. Production and sales

### 1) Consolidated production volume

The twelve-month period ended March 31

(Units)

	FY06	FY05	Change	
			Units	%
Japan	1,191,937	1,364,868	(172,931)	(12.7)
U.S.A.	716,211	808,586	(92,375)	(11.4)
Mexico	534,841	362,591	172,250	47.5
U.K.	384,669	315,297	69,372	22.0
Spain	266,295	193,604	72,691	37.5
South Africa	55,456	40,928	14,528	35.5
Indonesia	4,765	11,103	(6,338)	(57.1)
Thailand	43,363	43,621	(258)	(0.6)
China	231,444	200,229	31,215	15.6
Total	3,428,981	3,340,827	88,154	2.6

Note: Period of counting units

Japan, U.S.A.

April/2006-March/2007

China

January/2006-December/2006

Others

January/2006-March/2007

### 2) Consolidated sales volume by region

The twelve-month period ended March 31

(Units)

	FY06	FY05	Change	
			Units	%
Japan	716,405	810,968	(94,563)	(11.7)
North America	1,444,039	1,369,630	74,409	5.4
Europe	741,701	597,250	144,451	24.2
Others	797,602	759,766	37,836	5.0
Total	3,699,747	3,537,614	162,133	4.6

Note: Period of counting units

Japan, North America ( except for Mexico )

April/2006-March/2007

North America ( Mexico only ), Europe

January/2006-March/2007

The three-month period ended March 31

(Units)

	FY06 fourth quarter (The three-month)	FY05 fourth quarter (The three-month)	Change	
			Units	%
Japan	230,114	249,722	(19,608)	(7.9)
North America	494,787	388,749	106,038	27.3
Europe	313,610	136,816	176,794	129.2
Others	247,841	188,000	59,841	31.8
Total	1,286,352	963,287	323,065	33.5

Note: Period of counting units

Japan, North America ( except for Mexico )

January/2007-March/2007

North America ( Mexico only ), Europe

October/2006-March/2007

((Reference))

In case of not-changing the period of fiscal year of consolidated subsidiaries.

The twelve-month period ended March 31

	FY06	FY05	Change	
			Units	%
Japan	716,369	810,968	(94,599)	(11.7)
North America	1,351,113	1,369,630	(18,517)	(1.4)
Europe	604,489	597,250	7,239	1.2
Others	731,482	759,766	(28,284)	(3.7)
Total	3,403,453	3,537,614	(134,161)	(3.8)

Note: Period of counting units

Japan, North America ( except for Mexico )

April/2006-March/2007

North America ( Mexico only ), Europe

January/2006-December/2006

## 4. Non-Consolidated Financial Statements

### 1) Non-Consolidated Balance Sheets

(As of March 31, 2007 and March 31, 2006)

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

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

	as of Mar 31, 2007	as of Mar 31, 2006	Change
<b>[ASSETS]</b>			
<b>CURRENT ASSETS</b>	<b>1,301,528</b>	<b>1,385,576</b>	<b>(84,047)</b>
Cash on hand and in banks	39,949	148,532	(108,583)
Trade notes receivable	393	577	(183)
Trade accounts receivable	286,975	286,667	308
Finished products	71,682	73,001	(1,319)
Raw materials	39,846	22,529	17,317
Work in process	24,515	26,316	(1,800)
Supplies	20,718	19,997	720
Advances paid	23,693	26,982	(3,289)
Prepaid expenses	23,332	19,783	3,548
Deferred tax assets	108,148	78,132	30,015
Short-term loans receivable	548,590	634,755	(86,164)
Other accounts receivable	117,378	75,514	41,864
Other	2,137	807	1,329
Allowance for doubtful accounts	(5,832)	(28,020)	22,188
<b>FIXED ASSETS</b>	<b>2,502,841</b>	<b>2,457,922</b>	<b>44,918</b>
<b>Property, plant &amp; equipment</b>	<b>846,222</b>	<b>775,073</b>	<b>71,149</b>
Buildings	192,856	177,335	15,520
Structures	39,216	35,772	3,444
Machinery & equipment	245,462	226,507	18,954
Vehicles	25,403	24,399	1,003
Tools, furniture and fixtures	132,256	130,967	1,289
Land	139,001	132,844	6,157
Construction in progress	72,026	47,246	24,780
<b>Intangible assets</b>	<b>48,821</b>	<b>49,827</b>	<b>(1,005)</b>
Software	47,630	48,727	(1,096)
Other	1,190	1,099	90
<b>Investments &amp; other assets</b>	<b>1,607,797</b>	<b>1,633,021</b>	<b>(25,224)</b>
Investment securities	16,714	43,986	(27,272)
Investments in subsidiaries and affiliates	1,473,858	1,450,004	23,854
Long-term loans receivable	943	1,171	(227)
Long-term prepaid expenses	59,959	25,399	34,560
Deferred tax assets	52,167	106,590	(54,423)
Other	6,235	7,589	(1,353)
Allowance for doubtful accounts	(2,082)	(1,720)	(362)
<b>DEFERRED ASSETS</b>	-	<b>1,543</b>	<b>(1,543)</b>
Discounts on bonds	-	1,543	(1,543)
<b>TOTAL ASSETS</b>	<b>3,804,369</b>	<b>3,845,041</b>	<b>(40,672)</b>

	as of Mar 31, 2007	as of Mar 31, 2006	Change
<b>[LIABILITIES]</b>			
<b>CURRENT LIABILITIES</b>	<b>1,562,599</b>	<b>1,434,848</b>	<b>127,750</b>
Trade notes payable	457	225	232
Trade accounts payable	444,355	465,828	(21,473)
Short-term borrowings	77,000	147,096	(70,096)
Current portion of long-term borrowings	9,390	36,776	(27,386)
Commercial paper	450,000	88,000	362,000
Current maturities of bonds	82,316	160,000	(77,683)
Other accounts payable	63,572	58,046	5,525
Accrued expenses	281,565	268,556	13,009
Income taxes payable	7,889	53,421	(45,532)
Deposits received	16,670	21,323	(4,652)
Employees' saving deposits	66,422	64,956	1,466
Warrants	-	3,143	(3,143)
Accrued warranty costs	30,842	31,717	(874)
Lease obligation	26,741	31,667	(4,925)
Other	5,375	4,089	1,285
<b>LONG-TERM LIABILITIES</b>	<b>466,356</b>	<b>583,162</b>	<b>(116,806)</b>
Bonds	347,965	430,800	(82,834)
Long-term borrowings	41,400	50,790	(9,390)
Accrued warranty costs	48,213	51,248	(3,035)
Accrued retirement benefits	-	22,391	(22,391)
Lease obligation	27,855	26,873	981
Long-term deposits received	922	1,059	(136)
<b>TOTAL LIABILITIES</b>	<b>2,028,955</b>	<b>2,018,011</b>	<b>10,944</b>
<b>[SHAREHOLDERS' EQUITY]</b>			
<b>COMMON STOCK</b>	-	<b>605,813</b>	<b>(605,813)</b>
<b>CAPITAL SURPLUS</b>	-	<b>804,470</b>	<b>(804,470)</b>
Additional paid-in capital	-	804,470	(804,470)
<b>RETAINED EARNINGS</b>	-	<b>536,165</b>	<b>(536,165)</b>
Legal reserve	-	53,838	(53,838)
Voluntary reserve	-	79,335	(79,335)
Reserve for reduction of replacement cost of specified properties	-	77,175	(77,175)
Reserve for losses on overseas investments	-	1,471	(1,471)
Reserve for special depreciation	-	687	(687)
Unappropriated retained earnings	-	402,990	(402,990)
<b>UNREALIZED HOLDING GAIN ON SECURITIES</b>	-	<b>13,932</b>	<b>(13,932)</b>
<b>TREASURY STOCK</b>	-	<b>(133,351)</b>	<b>133,351</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	-	<b>1,827,030</b>	<b>(1,827,030)</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	-	<b>3,845,041</b>	<b>(3,845,041)</b>
<b>[NET ASSETS]</b>			
<b>SHAREHOLDERS' EQUITY</b>	<b>1,766,839</b>	-	<b>1,766,839</b>
<b>COMMON STOCK</b>	<b>605,813</b>	-	<b>605,813</b>
<b>CAPITAL SURPLUS</b>	<b>804,470</b>	-	<b>804,470</b>
Additional paid-in capital	804,470	-	804,470
<b>RETAINED EARNINGS</b>	<b>467,878</b>	-	<b>467,878</b>
Legal reserve	53,838	-	53,838
Voluntary reserve	414,039	-	414,039
Reserve for reduction of replacement cost of specified properties	69,206	-	69,206
Reserve for losses on overseas investments	479	-	479
Reserve for special depreciation	884	-	884
Unappropriated retained earnings	343,469	-	343,469
<b>TREASURY STOCK</b>	<b>(111,323)</b>	-	<b>(111,323)</b>
<b>VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS</b>	<b>5,863</b>	-	<b>5,863</b>
Unrealized holding gain on securities	5,863	-	5,863
<b>SHARE SUBSCRIPTION RIGHTS</b>	<b>2,711</b>	-	<b>2,711</b>
<b>TOTAL NET ASSETS</b>	<b>1,775,413</b>	-	<b>1,775,413</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>3,804,369</b>	-	<b>3,804,369</b>

## 2) Non-Consolidated Statements of Income

(FY2006 and FY2005)

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

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

	FY2006	FY2005	Change
<b>NET SALES</b>	100% <b>3,608,934</b>	100% <b>3,895,553</b>	<b>(286,618)</b>
<b>COST OF SALES</b>	<b>3,030,447</b>	<b>3,189,629</b>	<b>(159,181)</b>
Gross profit	16.0% 578,487	18.1% 705,924	(127,436)
<b>Selling, general and administrative expenses</b>	<b>392,926</b>	<b>451,765</b>	<b>(58,838)</b>
<b>OPERATING INCOME</b>	5.1% <b>185,561</b>	6.5% <b>254,159</b>	<b>(68,598)</b>
<b>NON-OPERATING INCOME</b>	<b>14,249</b>	<b>141,841</b>	<b>(127,592)</b>
Interest and dividend income	9,563	137,445	(127,882)
Other	4,685	4,396	289
<b>NON-OPERATING EXPENSES</b>	<b>29,852</b>	<b>58,845</b>	<b>(28,992)</b>
Interest expense	9,227	10,051	(823)
Amortization of net retirement benefit obligation at transition	8,054	8,258	(204)
Foreign exchange loss	23	26,459	(26,436)
Other	12,547	14,075	(1,528)
<b>ORDINARY INCOME</b>	4.7% <b>169,958</b>	8.7% <b>337,156</b>	<b>(167,198)</b>
<b>EXTRAORDINARY GAINS</b>	<b>53,043</b>	<b>34,552</b>	<b>18,491</b>
Gains on sales of property, plant and equipment	8,511	3,916	4,594
Gains on sales of investment securities	17,017	22,277	(5,260)
Reversal of allowance for doubtful accounts	25,789	5,394	20,395
Other	1,726	2,963	(1,237)
<b>EXTRAORDINARY LOSSES</b>	<b>109,112</b>	<b>92,097</b>	<b>17,014</b>
Devaluation loss on investments and receivables	52,909	32,565	20,343
Loss on disposal of fixed assets	17,464	11,143	6,320
Impairment loss	228	10,527	(10,299)
Other	38,510	37,860	649
<b>INCOME BEFORE INCOME TAXES</b>	3.2% <b>113,889</b>	7.2% <b>279,610</b>	<b>(165,721)</b>
INCOME TAXES-CURRENT	4,476	80,130	(75,654)
INCOME TAXES-DEFERRED	29,931	(41,112)	71,044
<b>NET INCOME</b>	2.2% <b>79,481</b>	6.2% <b>240,593</b>	<b>(161,111)</b>
RETAINED EARNINGS BROUGHT FORWARD FROM PREVIOUS YEAR	-	239,059	-
LOSS ON DISPOSAL OF TREASURY STOCK	-	15,467	-
INTERIM CASH DIVIDENDS	-	61,193	-
UNAPPROPRIATED RETAINED EARNINGS AT END OF PERIOD	-	402,990	-



**The fourth quarter (Jan 1, 2007 through March 31, 2007)**

(in millions of Yen)

	FY2006 fourth quarter ( The three-month )	FY2005 fourth quarter ( The three-month )	Change
<b>NET SALES</b>	100% <b>987,538</b>	100% <b>1,056,104</b>	<b>(68,566)</b>
<b>COST OF SALES</b>	839,066	868,318	<b>(29,251)</b>
Gross profit	15.0% 148,471	17.8% 187,786	<b>(39,314)</b>
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	125,479	152,787	<b>(27,307)</b>
<b>Operating income</b>	2.3% <b>22,991</b>	3.3% <b>34,999</b>	<b>(12,007)</b>
<b>NON-OPERATING INCOME</b>	<b>3,192</b>	<b>132,996</b>	<b>(129,803)</b>
Interest and dividend income	1,387	131,034	<b>(129,646)</b>
Other	1,805	1,962	<b>(156)</b>
<b>NON-OPERATING EXPENSES</b>	<b>12,555</b>	<b>14,846</b>	<b>(2,291)</b>
Interest expense	2,573	2,345	228
Amortization of net retirement benefit obligation at transition	2,013	2,013	-
Foreign exchange loss	3,213	4,408	<b>(1,194)</b>
Other	4,754	6,079	<b>(1,324)</b>
<b>Ordinary income</b>	1.4% <b>13,629</b>	14.5% <b>153,148</b>	<b>(139,519)</b>
<b>SPECIAL GAINS</b>	<b>12,769</b>	<b>23,885</b>	<b>(11,115)</b>
<b>SPECIAL LOSSES</b>	<b>43,423</b>	<b>52,595</b>	<b>(9,171)</b>
<b>Income before income taxes</b>	(1.7%) <b>(17,025)</b>	11.8% <b>124,438</b>	<b>(141,463)</b>
Income taxes	<b>(3,322)</b>	<b>(10,838)</b>	7,516
<b>Net income</b>	(1.4%) <b>(13,703)</b>	12.8% <b>135,277</b>	<b>(148,980)</b>

### 3) Non-consolidated Statement of Changes in Net Assets

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

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings			Treasury stock	Total Shareholders' equity
		Additional paid-in capital	Total Capital surplus	Legal reserve	Voluntary reserve (Note)	Total Retained earnings		
Balance as of March 31, 2006	605,813	804,470	804,470	53,838	482,326	536,165	(133,351)	1,813,097
Changes in FY2006								
Appropriations of retained earnings in accordance with a resolution approved at the annual general meeting of shareholders								
Reserve provided	-	-	-	-	-	-	-	-
Reserve reversed	-	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	(65,979)	(65,979)	-	(65,979)
Bonuses to directors	-	-	-	-	(390)	(390)	-	(390)
Reserve provided in accordance with the tax regulations	-	-	-	-	-	-	-	-
Reserve reversed in accordance with the tax regulations	-	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	(75,014)	(75,014)	-	(75,014)
Net income	-	-	-	-	79,481	79,481	-	79,481
Purchases of treasury stock	-	-	-	-	-	-	(10,374)	(10,374)
Disposal of treasury stock	-	-	-	-	(6,384)	(6,384)	32,402	26,018
Net changes in items other than those in shareholders' equity	-	-	-	-	-	-	-	-
Total changes in FY2006	-	-	-	-	(68,286)	(68,286)	22,028	(46,258)
Balance as of March 31, 2007	605,813	804,470	804,470	53,838	414,039	467,878	(111,323)	1,766,839

	Valuation, Translation adjustments and Others		Share subscription rights	Total Net assets
	Unrealized holding gain on securities	Total Valuation, Translation adjustments and Others		
Balance as of March 31, 2006	13,932	13,932	3,143	1,830,173
Changes in FY2006				
Appropriations of retained earnings in accordance with a resolution approved at the annual general meeting of shareholders				
Reserve provided	-	-	-	-
Reserve reversed	-	-	-	-
Cash dividends paid	-	-	-	(65,979)
Bonuses to directors	-	-	-	(390)
Reserve provided in accordance with the tax regulations	-	-	-	-
Reserve reversed in accordance with the tax regulations	-	-	-	-
Cash dividends paid	-	-	-	(75,014)
Net income	-	-	-	79,481
Purchases of treasury stock	-	-	-	(10,374)
Disposal of treasury stock	-	-	-	26,018
Net changes in items other than those in shareholders' equity	(8,069)	(8,069)	(432)	(8,501)
Total changes in FY2006	(8,069)	(8,069)	(432)	(54,760)
Balance as of March 31, 2007	5,863	5,863	2,711	1,775,413

(Note) Details of voluntary reserve

	Reserve for reduction of replacement cost of specified properties	Reserve for losses on overseas investments	Reserve for special depreciation	Unappropriated retained earnings	Total Voluntary reserve
Balance as of March 31, 2006	77,175	1,471	687	402,990	482,326
Changes in FY2006					
Appropriations of retained earnings in accordance with a resolution approved at the annual general meeting of shareholders					
Reserve provided	1,769	-	286	(2,055)	-
Reserve reversed	(7,176)	(499)	(139)	7,814	-
Cash dividends paid	-	-	-	(65,979)	(65,979)
Bonuses to directors	-	-	-	(390)	(390)
Reserve provided in accordance with the tax regulations	4,094	-	224	(4,318)	-
Reserve reversed in accordance with the tax regulations	(6,657)	(493)	(175)	7,325	-
Cash dividends paid	-	-	-	(75,014)	(75,014)
Net income	-	-	-	79,481	79,481
Purchases of treasury stock	-	-	-	-	-
Disposal of treasury stock	-	-	-	(6,384)	(6,384)
Total changes in FY2006	(7,969)	(992)	197	(59,521)	(68,286)
Balance as of March 31, 2007	69,206	479	884	343,469	414,039

#### **4) Changes in accounting policies**

##### *Accounting Standard for Share-based Payment*

Effective April 1, 2006, the Company adopted the Accounting Standard for Share-based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).

The effect of this change was to decrease operating income, ordinary income and income before income taxes by ¥1,037 million for the FY06 (April 1, 2006 through March 31, 2007) compared with the corresponding amounts which would have been recorded if the previous method had been followed.

##### *Accounting Standard for Presentation of Net Assets in the Balance Sheet*

Effective April 1, 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005).

Shareholders' equity under the previous presentation method amounted to ¥1,772,702 million as of March 31, 2007.

Net assets in the non-consolidated balance sheet as of March 31, 2007 have been presented in accordance with the revised "Regulations for Non-Consolidated Financial Statements."

## **5. Other**

### **1) Directors and statutory auditors changes**

Regarding the directors and statutory auditors changes, Nissan Motor Co., Ltd. has already announced on March 16, 2007.

### **2) Other**

Not applicable