



# ANNUAL REPORT 2005

Year ended March 31, 2005



Since its foundation in 1939, Nippon Light Metal Company, Ltd. has been constantly involved with aluminum. Today, Nippon Light Metal is Japan's sole fully integrated aluminum manufacturer with activities ranging from alumina refining to fabrication of various products.

Nippon Light Metal comprises four business segments: Aluminum Ingot and Chemicals concerning the production of alumina and related chemicals and aluminum ingot; Aluminum Sheet and Extrusions involving the production of sheets and shapes; Fabricated Products and Others including the production of transportation-related products, electronic materials, foil and powder; and Building Materials covering the production of residential and office building materials. Through these segments, Nippon Light Metal is actively engaged in a wide range of fields such as automobiles and railroads, electric machinery and electronics, industrial products and construction.

The NLM Group—the preeminent source of products and services combining aluminum's excellent characteristics with new functionality and added value that cater to pressing customer needs—delivers customer satisfaction and contributes to environmental protection.

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### **Cautionary Statement**

This annual report contains various projections and estimates. Important factors that could alter these projections and estimates include changes in the balance of aluminum supply and demand, fluctuations in the price of aluminum ingot and foreign exchange rates, as well as shifts in Japanese government policies and regulations. The Company cautions, therefore, that the projections and estimates contained herein involve risk and uncertainty, and that actual results could differ materially from those expressed or implied.

**On the Cover:**

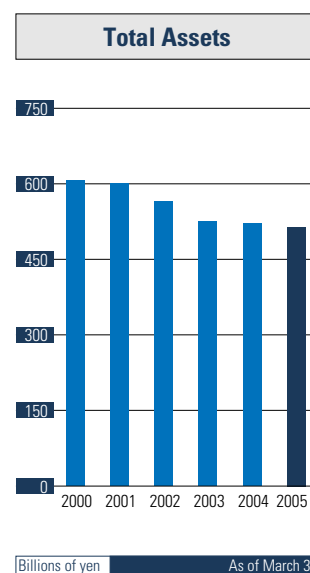
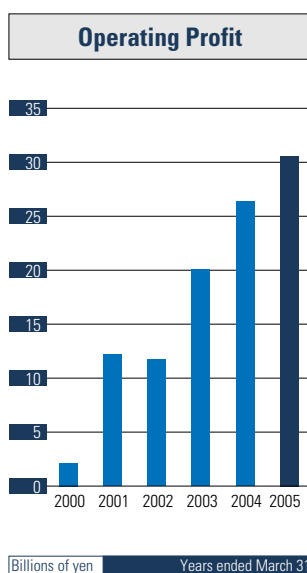
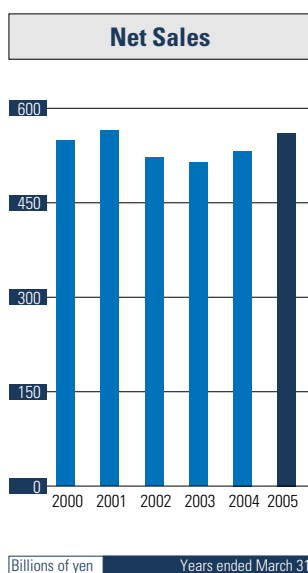
1)Aluminum indoor spiral staircase, 2)aluminum extrusions, 3)aluminum coils, 4)E series refrigeration van (using Nikkei Ecolas featured in Topics on Page 7)

## CONSOLIDATED FINANCIAL HIGHLIGHTS

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries  
Years ended March 31

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>For the year:</b>			
Net sales.....	¥532,201	¥560,284	\$5,217,283
Operating profit .....	26,355	30,560	284,570
Net income.....	11,525	13,488	125,598
<b>At year-end:</b>			
Total assets.....	520,585	514,781	4,793,566
Shareholders' equity .....	102,458	115,282	1,073,489
Short-term borrowings and long-term debt, including bonds and capital lease obligation.....	229,682	209,042	1,946,568
<b>Per share data (yen and dollars):</b>			
Net income—basic .....	¥ 21.24	¥ 24.78	\$ 0.23
—diluted .....	—	23.83	0.22
Cash dividends .....	2.50	3.50	0.03
Shareholders' equity .....	188.84	212.63	1.98
<b>Stock information (TSE) (yen and dollars):</b>			
<b>Stock price:</b>			
High .....	¥ 293	¥ 312	\$ 2.91
Low .....	105	219	2.04

Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥107.39 = U.S.\$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.





Shigesato Sato *President and CEO*

*I am pleased to report on the operating results for Nippon Light Metal Company, Ltd. (NLM) and its consolidated group companies for fiscal 2004 (the year from April 1, 2004, to March 31, 2005), the business issues facing the Group, and the outlook for the future.*

### Operating Results

During the year under review, solid economic growth in Japan and overseas fueled a steady increase in demand for aluminum products, especially in the electronic and electrical machinery, transport, and food products sectors. In these economic circumstances, the NLM Group steadily seized opportunities for profit growth and mounted a group-wide effort to implement the action plan for the third year of the NLM Group Mid-Term Management Plan (effective from fiscal 2002 through fiscal 2006) with the aim of constructing a continuously growing corporate group with a highly profitable business structure. As a result of that effort, NLM recorded consolidated net sales of ¥560.3 billion, ordinary profit of ¥21.9 billion, results that exceeded the initial forecast.

NLM paid a cash dividend of ¥3.50 per share, an increase of ¥1.0 from the previous year.

### New Developments in Fiscal 2004

In April 2004 NLM established an extrusion fabricating company in Shenzhen as an initiative to enter the automotive market in China and began supplying parts to Japanese-affiliated automobile manufacturers. In February 2005 Mitsubishi Corporation and NLM reached an agreement for NLM to take an equity stake in an aluminum alloy manufacturer Mitsubishi Corporation owns in Kunshan City, Jiang Su Province. NLM will seek to expand its business in China through these bases.

In May 2005 NLM acquired new shares issued by Tokai Aluminum Foil Co., Ltd., resulting in Tokai Aluminum becoming a newly consolidated subsidiary (conversion from an equity-method associate to a consolidated subsidiary). The NLM Group aims to strengthen collaboration between Tokai Aluminum and Toyo Aluminium K.K. to upgrade and expand the Group's aluminum foil business and increase competitiveness.

With regard to the disposition of under-performing businesses, having judged that the prospects for recovery in business performance were poor, management decided in March 2005 to withdraw from the household utensils business of Nikkei Products Co., Ltd. We will continue to provide after-sales service to customers who have purchased the products in question.

## Future Management Priorities

Implementation of the Mid-Term Management Plan—whose objectives are the strengthening of core businesses, the reorganization and return to profitability of under-performing businesses, and the creation of new businesses and new products that leverage the Group's collective strength—has borne fruit, and NLM has steadily improved its business performance. We have made mounting an all-out effort to completely achieve the goals of the Mid-Term Management Plan and the prompt, unerring implementation of measures to make possible subsequent growth our key future management priorities.

That is to say, the NLM Group will make focused investments to further strengthen the strong products that drive growth and investments to enhance product competitiveness in core businesses and will actively engage in development activities to take maximum advantage of the Group's collective strength in aluminum, our core competency. Because upgrading and expanding infrastructure is essential to achieving these goals, we will continue to engage in core research, materials development, process development, productivity improvements, and human resources development.

The exercise of exemplary corporate social responsibility is vital for increasing enterprise value and sustaining the business over time. To fulfill its social responsibility in every field connected with business activities such as product safety, the environment, occupational safety and disaster prevention, NLM will seek to further strengthen corporate governance by enhancing its compliance system and risk management system.

## Outlook for Fiscal 2005

Although sharp increases in the price of raw materials, economic deceleration owing to monetary tightening in the United States and China, and other factors that exert downward pressure on profits give cause for concern, and no certain economic growth drivers are in evidence, the NLM Group will endeavor to achieve consolidated net sales of ¥580.0 billion and ordinary profit of ¥22.0 billion in fiscal 2005 through the rigorous implementation of streamlining measures, responses attuned to customer needs, and the development and promotion of new products.

The NLM Group aims to become a corporate group that combines sustainable growth potential and high social value by leveraging the comprehensive aluminum technologies that constitute its core competency and deftly coping with change in the business environment.

I would greatly appreciate the continuing support and understanding of our shareholders in the coming years.

June 2005



Shigesato Sato  
President and CEO

# The Quest for Further Growth

— *The Nippon Light Metal Group's Growth Strategy* —

The distinctive characteristic and great strength of the NLM Group is the ability to skillfully meet new needs and changing needs by leveraging a broad range of management resources that encompasses everything from a complete range of aluminum-based materials to fabrication available within the group. The business results in fiscal 2004 nearly reached the numerical targets for fiscal 2006, the final year of the Mid-Term Management Plan. NLM believes this is the right time to make the next strategic move in order to maximize the Group's strength and achieve additional growth. This special feature explains initiatives aimed at securing further growth for the NLM Group.

## Business Results for Fiscal 2004

	Fiscal 2004 Actual	Fiscal 2006 Target
Net sales	560.3 billions of yen	<b>590 billions of yen</b>
Operating profit	30.6 billions of yen	<b>32 billions of yen</b>
Ordinary profit	21.9 billions of yen	<b>23 billions of yen</b>
ROCE (Return on capital employed)	8.6 %	<b>exceeding 8 %</b>
Balance of interest-bearing debt	210.3 billions of yen	<b>200 billions of yen</b>

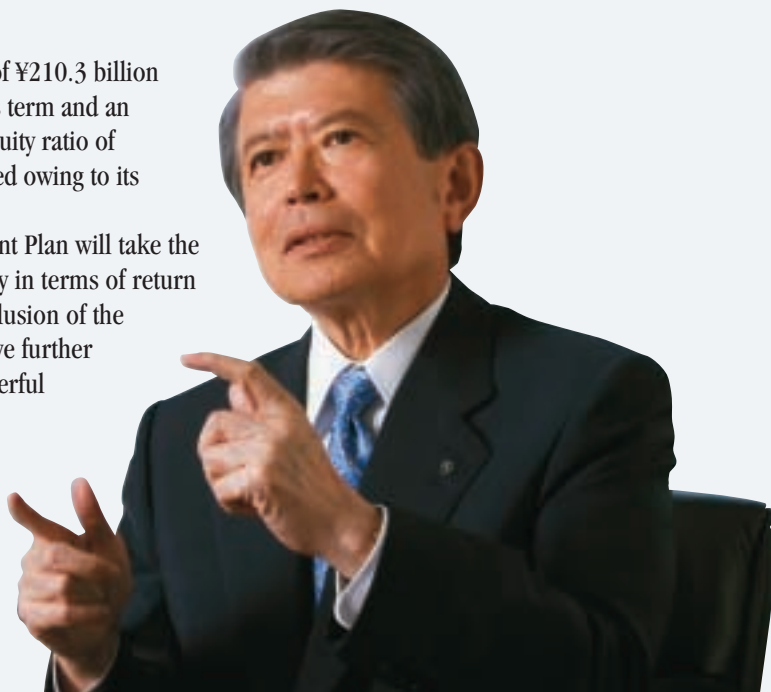
In fiscal 2004, NLM recorded consolidated net sales of ¥560.3 billion, an increase of 5.3% year on year, operating profit of ¥30.6 billion, an increase of 16.0%, ordinary profit of ¥21.9 billion, an increase of 35.8%, and net income of ¥13.5 billion, an increase of 17.0%. Although spikes in the prices of ingots, crude oil, and other materials and fuels affected performance, on the whole business results were favorable. The impact of adjustments to sales prices and management streamlining measures contributed to increases in sales and profits for the second consecutive year. The solid business performance in fiscal 2004 opens the way to complete achievement of the goals in the Mid-Term Management Plan.

## Initiatives to Secure Further Growth

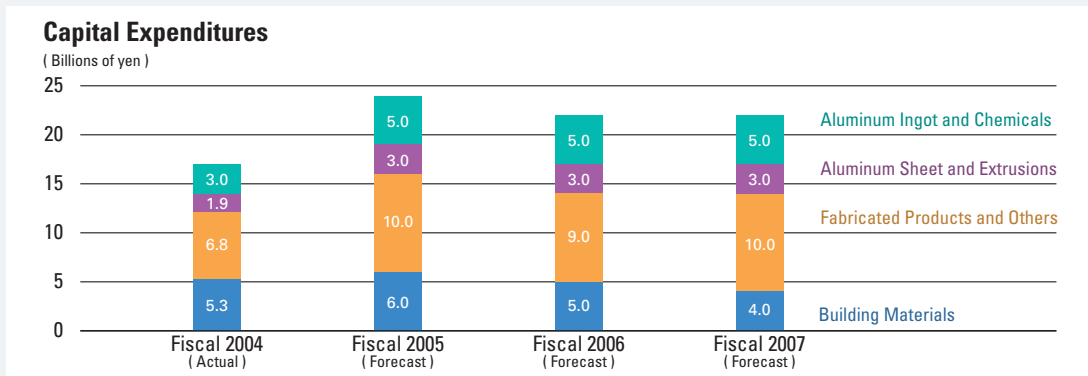
### Enhancing the Power of NLM

The balance of interest-bearing debt at March 31, 2005, of ¥210.3 billion represented a decrease of ¥21.5 billion from the previous term and an improvement over the initial target. As indicated by the equity ratio of 22.4%, the Group's financial position has steadily improved owing to its greater earning power.

Nevertheless, achievement of the Mid-Term Management Plan will take the NLM Group only to the level of an unexceptional company in terms of return on investment and financial standing. Following the conclusion of the Mid-Term Management Plan it will be necessary to achieve further growth to raise the NLM Group to the level of a truly powerful company.



## Planned Capital Expenditures of ¥68.0 Billion over Three Years



Investments to upgrade the product mix and increase the ability to supply strong products and investments in model changes to increase the competitiveness of core products in terms of cost, quality, and function are an essential strategic move to raise the level of the NLM Group. The NLM Group will make these investments while at the same time continuing with research and development, the upgrading of information systems and infrastructure, and overseas business development.

The plan for the capital investment to underpin these measures calls for total capital investment of ¥68.0 billion over a three-year period: ¥24.0 billion in fiscal 2005, ¥22.0 billion in fiscal 2006, and ¥22.0 billion in fiscal 2007. The following is an overview of the capital investment plan.

### Investment in Strong Products

Toyo Aluminium K.K. will execute capital investment of ¥6.0 billion in fiscal 2005 and ¥17.0 billion during the three-year period until fiscal 2007 with the prime objective of strengthening its powder and paste operations. Toyo Aluminium has a high market share in this business for which future growth in demand is expected.

In the alumina and chemicals business, NLM will execute capital investment of ¥2.5 billion in fiscal 2005 and ¥7.5 billion during the three-year period until fiscal 2007 to strengthen its range of fine and high-purity products, including fine aluminum hydroxide, super-white aluminum hydroxide, low-soda aluminum hydroxide and low-soda alumina, and increase market share in the automotive, electrical machinery and electronics sectors, where high performance and high added value are required.

### Investment in Core Products

Shin Nikkei Co., Ltd. aims to further increase market share by strengthening its product range through measures including full-scale model changes for residential sashes and other mainstay products and additions to the CB (new surface treatment technology) Series. To that end, it plans to execute capital investment of ¥5.5 billion in fiscal 2005 and ¥15.0 billion during the three-year period until fiscal 2007.

Furthermore, the NLM Group holds the highest market share in the truck outfitting business and panel system business, and management considers strategies to further increase market share to be the most important priority for these operations. Nippon Fruehauf Co., Ltd., which operates the truck outfitting business, anticipates a sharp decrease in demand for trucks from 2007 onward. For this reason, it seeks to increase its market share by stressing temperature control trucks, for which demand is expected to grow, notably a full model change for its mainstay side-loading gull wing truck bodies. Nikkei Panel Systems Co., Ltd. will seek to increase its market share through the production of panels modified to add insulation and durability and the industry's only environmentally friendly panels that use no chlorofluorocarbons.

### Investment in New Product Development

New products that resulted from cross-organizational activities aimed at developing new products and businesses are already contributing to sales increases at Nikkeikin Aluminium Core Technology (ACT) Co., Ltd. and Shin Nikkei. The shift to high-value-added fabricated products has brought about dramatic improvement in business results at Nikkeikin ACT. The cross-organizational development has contributed to the creation of products in the automotive, electrical machinery and electronics sectors that leverage the Group's comprehensive strength. Using these successes as models, NLM will step up new product development and cross-organizational development activities.

The cross-organizational team to develop new products in the information and telecommunications infrastructure sector established last year is leveraging the technological, development and analysis capabilities of the Group to engage in the development of electromagnetic shielding products and other products.

**Investment in Information Systems and Infrastructure**

The NLM Group is actively investing in information systems and infrastructure that is essential to strengthening the business. Shin Nikkei plans to invest about ¥2.0 billion during the coming five years in the VIT Project, an initiative to reconstruct its core business systems. Shin Nikkei anticipates an ultimate cost-saving effect of ¥3.0 billion per year from improvements in operating efficiency to result from this investment.

**Contribution from Existing Investments**

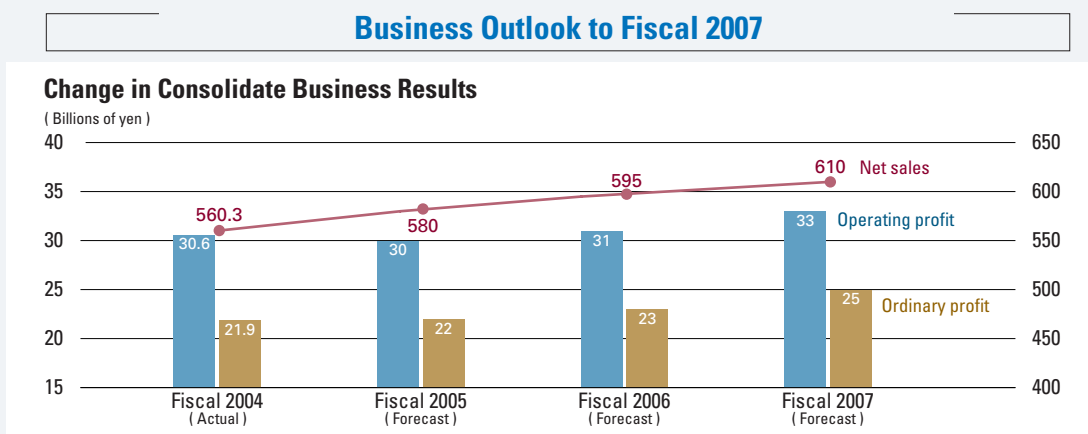
NLM seeks to bring forward the contribution to results from facilities investments and development investments made in previous years, such as the investment in the FLEXCASTER aluminum sheet continuous casting facilities newly introduced to enter the market for automobile materials, the investment in automotive heat exchange materials at wholly owned subsidiary Nikkei Siam Aluminium Ltd., and the investment to boost special alloy billet capacity at Kambara Smelting and Casting Plant.

**Overseas Business Development**

The NLM Group already maintains secondary alloy production operations in Thailand and Malaysia and extrusion fabricating operations\* in China and sells products to Japanese automotive component manufacturers that operate in these countries. In addition to these operations, the NLM Group plans to set up an alloy operation in China in 2005 and aggressively engage in overseas business development using the alloy operation in China as a base.

\* Refer to Topics on Page 7.

Nippon Fruehauf established an office in Shanghai in January 2005 from which it is researching and studying the possibility of components procurement and the establishment of local business operations.



**Aiming for Further Growth**

On the basis of these measures the NLM Group aims to achieve the business performance target for fiscal 2006 in the Mid-Term Management Plan of consolidated ordinary profit of ¥23.0 billion and forecasts even higher ordinary profit of ¥25.0 billion in fiscal 2007. In this way, the NLM Group is poised to take a solid first step toward growth following completion of the Mid-Term Management Plan.

Although the nature of the NLM Group’s business portfolio is such that a sudden increase in the level of earnings cannot be achieved from one or two materials or products, the Group will effectively use its management resources to steadily raise the level of profits while engaging in risk management.

*“Aluminum is our foundation. We will use it as a springboard to new heights.”*  
 With this as the basic concept of business operations, the NLM Group will seek to strengthen its business base and increase earnings to reward the trust and meet the expectations of shareholders.



## NLM Establishes NI Nikkei Shenzhen Co. Ltd. *Launches Aluminum Automobile Components Business in China*

In April 2004 Nippon Light Metal Co., Ltd. and Nonfemet International Aluminium Co., Ltd., with which NLM has a capital tie established joint venture NI Nikkei Shenzhen Co., Ltd. (NNS) in China. In September 2004 the company began producing aluminum automobile bumper extrusions for shipment to Dongfeng Motor Co., Ltd., a leading Chinese automobile manufacturer in which a Japanese automobile manufacturer has an equity stake.

At this time nearly all products produced by aluminum extrusion manufacturers in China are construction materials; NNS is the only company with automobile components production technology. NLM Group subsidiary Nikkeikin Aluminum Core Technology Co., Ltd. controls business

operations at NNS and aims to expand the automotive extruded products business by applying the NLM Group's production, operation and marketing expertise. NNS plans to ship roof rails and other products to other Japanese-affiliated automotive companies in the next fiscal year.

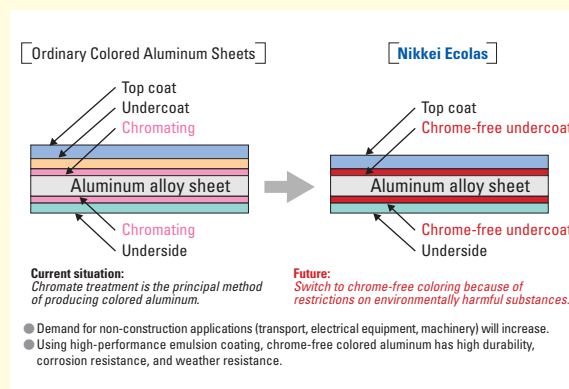
Company name: NI Nikkei Shenzhen Co. Ltd.  
Registered capital: RMB 5.18 million yuan  
Equity ownership: Nippon Light Metal Co., Ltd. 55%;  
Nonfemet International Aluminium Co., Ltd. 45%  
Date of establishment: April 2004

## NLM Develops Nikkei Ecolas Eco-Friendly Chrome-Free Colored Aluminum Sheets

Nippon Light Metal Co., Ltd. has succeeded in developing the industry's first chrome-free colored aluminum sheets for precoating with water-based coatings. The sheets, named Nikkei Ecolas, were launched in November 2004.

As shown in the figure right, after degreasing ordinary colored aluminum sheets are preprocessed with chromate to increase adhesion of the coating film. Newly developed Nikkei Ecolas exhibits the same performance as chromate-treated color aluminum without the requirement for chromate preprocessing.

Since Nikkei Ecolas is manufactured using a water-based coating that contains no heavy metals that have an impact on the human body and the environment, it complies with regu-



lations controlling the use of organic volatile substances, which are expected to be tightened.

As companies that have obtained ISO 14000 certification are establishing time limits on the use of hexavalent chromium, it is necessary for materials manufacturers to urgently convert to chrome-free parts. To meet this socially

beneficial requirement, the NLM Group will propose chrome-free specifications to users in the electrical products, transport, construction and other industries. In the coming years the Group will continue to strive to provide products that satisfy customers and to create environmentally friendly products.

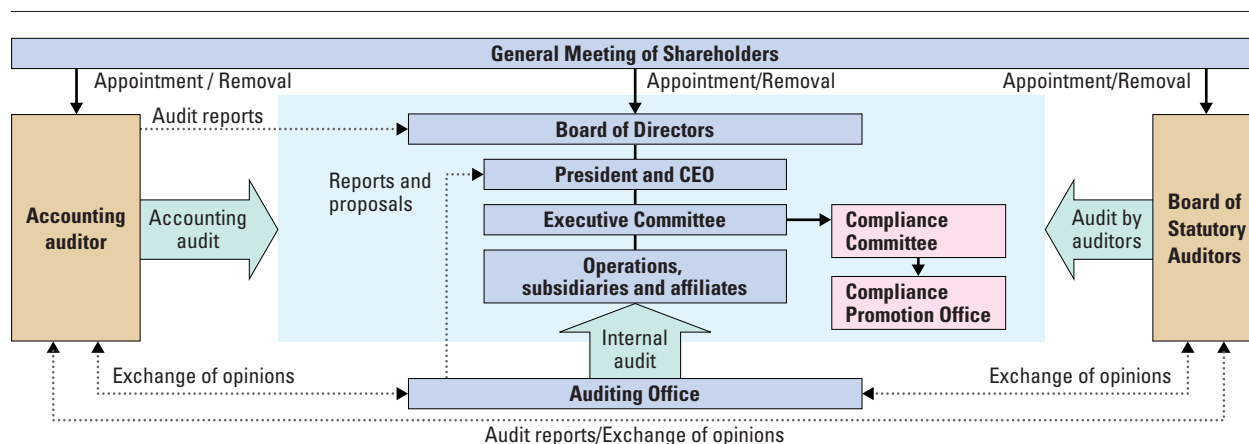
## BASIC STANCE ON CORPORATE GOVERNANCE

*NLM is striving to establish a management system that earns the confidence of shareholders, business partners, employees, local communities and all other stakeholders by ensuring its business activities satisfy international standards with respect to transparency and fairness, and moreover, that is capable of responding to changes in Japan and overseas precisely and swiftly amid ongoing globalization of the economy and society.*

### Corporate governance structure and measures implemented

- In June 2000, an executive officer system was introduced with the aim of separating execution and supervision.
- The Executive Committee consisting of senior executive officers and higher echelons is convened at least twice per month.
- A meeting of the Board of Director's is held once per month.
- At present, the Board of Directors consists of 11 directors, two of whom are outside directors, thus satisfying the requirement for outside directors provided for in the Commercial Code of Japan.
- Although no staff is assigned exclusively to support the outside directors, Legal Dept., Planning Dept., General Affairs Dept., Accounting and Finance Dept. and other relevant organizations provide support, as necessary.
- By the resolution of the general meeting of shareholders held on June 27, 2003, the tenure of a director was reduced from two years to one year.
- The Board of Statutory Auditors audits the execution of operations.
- There are three auditors, one of whom is outside auditor as provided for in the Law for Special Exceptions to the Commercial Code concerning Audit etc. of Joint-stock Companies.
- The Auditing Office consisting of four staff is an internal audit organization.

### NLM's Corporate Governance Structure



### Risk management system

NLM has put in place a risk management system to enable swift responses to deal with risks. In the event of any contingency which may have a material impact on the Company's management, the General Affairs Dept. will manage all information in an integrated manner and an emergency headquarters will be established.

In regard to the compliance system, on July 1, 2004, NLM established the Compliance Committee as a vehicle for implementing compliance measures under the Committee, and also established the Compliance Promotion Office, which is the secretariat of the Compliance Committee.

# NLM Group At a Glance

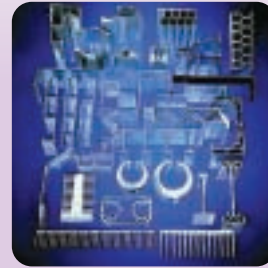
(Consolidated Basis)

## Aluminum Ingot and Chemicals

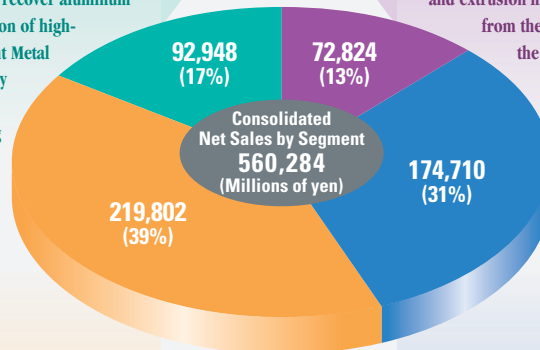


The Alumina and Chemicals Operations produces the aluminum hydroxide, alumina and chemicals that are essential raw materials for water treatment chemicals, flame retardants, ceramics and other products. The Aluminum and Aluminum Alloy Operations comprises a recycling business to recover aluminum scrap for use as alloy ingots and the production of high-performance alloys developed by Nippon Light Metal Co., Ltd. The NLM Group operates Japan's only aluminum smelting business. The smelted aluminum is further refined and the resulting high-purity aluminum is used as a raw material for electronic materials.

## Aluminum Sheet and Extrusions



Aluminum sheet and extrusions are commonplace materials widely used in many industries. The NLM Group is actively developing technologies and applications with the aim of supplying higher-value-added sheet and extrusions. The sheet and extrusion materials adapted to customer needs that result from these activities are used as functional materials in the automotive and rail transportation sectors and for incorporation in electronic materials and for other applications in the precision equipment sector.



## Fabricated Products and Others



The NLM Group includes a number of distinctive fabrication businesses. Advanced technological capabilities and product superiority have made Toyo Aluminium K.K. (aluminum foil, aluminum powder and paste), Nippon Fruehauf Co., Ltd. (van and truck bodies), and Nikkei Panel System Co., Ltd. (commercial refrigerator and freezer panels) leaders in their respective industries. The anodized aluminum foil for the aluminum electrolytic capacitors produced within the Group is an essential core material for electronic components. In addition to these items, NLM offers packaging materials and other familiar consumer products.

## Building Materials



Shin Nikkei Co., Ltd. plays a leading role in the NLM Group's operations in the housing materials sector (windows, front doors, terrace materials), the exterior materials sector (gates, fences, garden materials) and the commercial building material sector (aluminum curtain walls for high-rise buildings). In its role as a comprehensive supplier of building materials offering an extensive range of products, Shin Nikkei aims to enhance the quality of residential environments through development and provision of high-performance, high-quality products adapted to customer needs for energy conservation, environmental coexistence, and universal design.

### Aluminum Ingot and Chemicals



In Alumina and Chemicals Operations, overall robust demand continued and sales increased sharply year on year. Shipments of many products developed favorably, notably all-purpose products such as aluminum hydroxide for coagu-

lants and alumina for flame retardants and differentiated products such as low-soda alumina used in semiconductors and electronic materials and white aluminum hydroxide used in artificial marble. Progress with price adjustments based on increases in materials and fuel costs also contributed to the sales increase.

Sales of chemicals increased year on year. Although shipments of caustic soda, hydrochloric acid and other soda and inorganic chlorine products and organic chlorine products developed favorably, shipments of coagulants slumped. Sales of fluoride products developed favorably as shipments of hydrofluoric acid to new users became established following a previous sharp decrease in shipments to a high-volume user. Also, shipments from the Kambara Complex's dichlorobenzene plant, which resumed in November 2003, returned to near the level before the plant fire.

For Alumina and Chemicals Operations as a whole, although factors such as sharp increases in the price of heavy oil and in ocean freight for bauxite put upward pressure on manufacturing costs, progress with product price adjustments led to sharp improvement in business results from the previous term.

Revenues from Aluminum and Aluminum Alloy Operations increased from the previous term. In the mainstay automotive sector, against a backdrop of robust demand amid continued improvement in the global market situation, selling price adjustments took hold and NLM engaged in product mix improvement to increase added value. In other market sectors, although harsh business conditions continued for aluminum for electric cables and aluminum for flat rolled products, primarily building materials, higher sales of alloy ingots for surface-treated steel sheet and of ingots for deoxidizing for the steel industry fueled an overall revenue increase. With regard to raw materials, the opening of Osaka Logistics Center and other measures to develop a scrap aluminum procurement route made possible an increase in the procurement of raw materials at low prices. NLM also implemented a sales expansion strategy in overseas markets in fiscal 2004, including a decision to take an equity stake in an aluminum alloy manufacturer in China.

As a result of these developments, sales in the Aluminum Ingot and Chemicals segment increased by 12.2% year on year to ¥92,948 million, and operating profit increased by 87.6% to ¥8,866 million.

### Aluminum Sheet and Extrusions



In Aluminum Sheet Operations, sales increased sharply owing to strong shipments of aluminum foil stock for capacitors, aluminum plate for liquid crystal manufacturing equipment, and products for the transport sector as well as the full-year impact of sales of

Nikkei Siam Aluminium Ltd., which was included in the scope of consolidation in September 2003. Improvement in selling prices and efforts to reduce costs led to a sharp increase in profits year on year.

The FLEXCASTER aluminum sheet continuous casting facilities completed in September 2004 have already passed customer final evaluation testing for a number of products and delivery of products has begun. NLM will take advantage of the ability to manufacture sheet that is vastly superior to previous products with respect to strength and thermal conductivity to increase share in various market sectors, primarily automotive materials and equipment for heat exchangers.

Sales and profits of Aluminum Extrusion Operations increased year on year. Sales of building materials were sluggish and truck-related sales decreased due to the fact that the period of peak demand for replacement purchases of truck products necessitated by the strengthening of exhaust regulations had passed. On the other hand, shipments of railway products rose sharply, fueled by shipments for Taiwan High Speed Rail. Sales of pipe stock, automotive products and IT products also developed favorably.

As a result of these developments, sales in the Aluminum Sheet and Extrusions segment increased by 12.3% year on year to ¥72,824 million, and operating profit increased by 57.8% to ¥5,785 million.

### Fabricated Products and Others



The following is a summary of results from principal businesses in the Fabricated Products and Others segment.

In Aluminum Foil, Aluminum Powder and Paste Operations, sales increased year on year owing to strong sales of high-purity aluminum foil

for capacitors and general-purpose foil for food products and

pharmaceuticals packaging. In the aluminum powder and paste sector, favorable sales of aluminum paste for automobile paints for Japan and overseas markets and aluminum paste for home appliances coupled with strong performance from new products and exports drove a year-on-year increase in sales. With the objective of further strengthening the Group's foil business, NLM accepted a third-party allocation of new shares from associate Tokai Aluminum Foil Co., Ltd. and made the company an NLM subsidiary.

In Transport-Related Operations, sales from the van and trailer equipping business decreased year on year as a result of lower replacement demand in connection with the strengthening of diesel engine exhaust regulations, especially in the Tokyo metropolitan area.

Sales of automobile air conditioning capacitors increased year on year owing to brisk business in the automobile industry, growth in the market share of existing models, and orders for new models. Sales of shaped parts increased year on year as orders for mainstay brake calipers and peripheral engine parts and orders for truck parts developed favorably.

In Electronic Materials Operations, although sales of anodized aluminum foil for electrolytic capacitors were affected by inventory adjustments in the IT industry during the second half of the term, overall sales increased sharply year on year as a result of increased demand for industrial equipment owing to higher capital expenditures in China and other markets, higher demand for air conditioners due to the hot summer, and expansion of the market for digital appliances increased due to the Athens Olympics. Consequently, profits also improved substantially.

Overall sales from Panel Systems Operations increased year on year. Sales of panels for commercial freezers and refrigerators decreased; although sales for small and medium-sized projects were at the same level as for the previous year, sales for large projects fell owing to a slump in capital expenditure for food processing equipment. Sales of clean rooms, primarily those for liquid crystal and plasma display panel (PDP) projects and semiconductor projects, rose sharply from the previous year as a result of a steady increase in demand for digital appliances.

Regarding other fabricated products and related businesses, sales of aluminum mini-kegs for beer fell year on year as sales of competing alcoholic beverages that resemble beer led to a decrease in the volume of beer shipments. Continued contraction of public works spending brought harsh trading conditions for landscaping products. Although emphasis was placed on increasing sales of aluminum movable covers and the guard fence and floodgate repair businesses, a reduction in the number of large projects led to a year-on-year decline in sales. Sales and profits from the household utensils business decreased owing to diversification of consumer preferences, an influx of low-priced foreign products, and the recall of two-handled pressure cookers. Because the prospects for recovery in business performance were unfavorable, management decided to withdraw from this business in March 2005.

As a result of these developments, sales in the Fabricated

Products and Others segment increased by 2.0% year on year to ¥219,802 million, and operating profit increased by 5.8% to ¥14,883 million.

## Building Materials



In the Building Materials segment, sales in the housing construction materials sector increased from the previous year. The operating environment was comparatively firm as new housing starts increased by 1.7% year-on-year to 1.193 million owing

to growth in starts of detached houses. In these circumstances, Shin Nikkei Co., Ltd. strove to increase sales of mainstay products including the CB Series of window sashes and doors—the fruit of proprietary surface treatment technology—and the Alupla 70 Series of interior insulation sashes. At the same time, we worked to strengthen the product line to meet diversifying customer needs by developing new products and differentiated products such as insulated front entrance doors and products that incorporate security features. We also aggressively engaged in marketing activities that integrate the production and sales functions with the aim of increasing sales, such as lead time reduction through the implementation of a system for three-day fulfillment from receipt of order to delivery and reinforcement of the sales network.

In the commercial building construction materials sector, although the floor area of building construction started in the non-wood construction sector increased slightly from the previous term, unit prices fell. Amid a harsh price environment, Shin Nikkei completed construction of large-scale projects that drew on its advanced technological capabilities and worked to secure orders by actively engaging in product development in sectors where demand is expected to increase in the future, such as development of the RMG-90 line of next-generation sashes for condominiums and the Plala line of plastic sashes for buildings. As a result of these efforts, sales of commercial building construction materials remained at the prior-year level.

Shin Nikkei worked to improve profitability by continuing to implement a number of group-wide, cross-organizational projects to improve quality and delivery times, reduce purchasing costs, and rigorously cut overheads.

As a result of these developments, sales in the Building Materials segment increased by 3.4% year on year to ¥174,710 million. Nevertheless, deterioration of conditions in the commercial building market and the impact of spikes in materials prices led to a decrease in operating profit of 39.2% year on year to ¥4,068 million.

## PRINCIPAL PRODUCTS AND SERVICES

### Aluminum Ingot and Chemicals

Principal Products	Plant Name	Principal Competitors
Alumina	Shimizu Plant	Sumitomo Chemical Co., Ltd., Showa Denko K.K.
Aluminum hydroxide	Shimizu Plant	Sumitomo Chemical Co., Ltd., Showa Denko K.K.
Chemicals (chemical products)	Kambara Chemical Plant	Japanese and overseas chemical manufacturers
Caustic soda	Kambara Chemical Plant	Japanese and overseas chemical manufacturers
Chlorinated chemical products	Kambara Chemical Plant	Japanese and overseas chemical manufacturers
Aluminum ingot	Kambara Smelting and Casting Plant	None (NLM is the only smelter in Japan)
Aluminum alloys	Mie Plant, Koda Plant	Major secondary alloy manufacturers

### Aluminum Sheet and Extrusions

Applications	Principal Products	Plant and Company Name	Principal Competitors
Automobile	Automobile suspension parts	Nikkei Kambara Co., Ltd., Nikkei Niigata Co., Ltd.	Major extruded products manufacturers
	Lead-free cut aluminum alloy	Nikkei Kambara Co., Ltd., Nikkei Niigata Co., Ltd.	Major extruded products manufacturers
	Quick freezing coagulated powder extruded materials	Nikkei Kambara Co., Ltd.	Major extruded products manufacturers
	High-intensity molded aluminum sheet	Nagoya Plant	Major rolled products manufacturers
Transport	Large structural materials for railway rolling stock	Nikkei Niigata Co., Ltd.	Major extruded products manufacturers
	Side block for trucks	Nikkei Niigata Co., Ltd.	Major extruded products manufacturers
Electronics	Thick aluminum sheet for semiconductor and LCD manufacturing equipment, Foil stock	Nagoya Plant	Major rolled products manufacturers
	Photosensitive drum materials	Nikkei Kambara Co., Ltd.	Major extruded products manufacturers
Industrial	Printing roll	NTC Co., Ltd.	None in particular
	Industrial materials	Nikkei Niigata Co., Ltd.	Major extruded products manufacturers
Building materials and infrastructure materials	Scaffolding	Nikkei Niigata Co., Ltd.	Major extruded products manufacturers

### Fabricated Products and Others

Applications	Principal Products	Plant and Company Name	Principal Competitors
Automobile	Powder and paste	Toyo Aluminium K.K.	Showa Aluminum Powder K.K., Asahi Kasei Metals Ltd.
	Cast and forged parts for automobiles	Kambara Complex , Tomakomai Complex , Matsuo Industry Co., Ltd.	Major automobile parts manufacturers
	Heat exchangers for automobiles	Kambara Heat Exchanger Plant	Showa Denko K.K.
Transport	Van truck bodies and trailers	Nippon Fruehauf Co., Ltd.	PABCO Co., Ltd., Nippon Trex Co., Ltd.
Electronics	Aluminum foil for electrolytic capacitors	Toyo Aluminium K.K.	Major aluminum foil manufacturers
	Chemical foil for electrolytic capacitors	Kambara Capacitor Foil Plant	Major capacitor manufacturers
	Clean rooms	Nikkei Panel System Co., Ltd.	Sanyo Showa Panel System Corp., Sogo Corp.
Building materials and infrastructure materials	Landscape engineering products	Sumikei-Nikkei Engineering Co., Ltd.	None in particular
	Solid truss structural materials (Aluminum truss)	Funabashi Plant	None in particular
	Plant package for communication base stations	NLM ECAL Co., Ltd.	Matsuda Mfg. Co., Ltd., SPC Electronics Corp.
Food and lifestyle	Aluminum foil	Toyo Aluminium K.K.	Major aluminum foil manufacturers
	Panels for commercial refrigerators and freezers	Nikkei Panel System Co., Ltd.	Sanyo Showa Panel System Corp.

### Building Materials

Applications	Principal Products	Company Name	Principal Competitors
Building	Commercial building materials	Shin Nikkei Co., Ltd.	TOSTEM Corp., YKK AP Inc.
	Building materials and for fixtures for houses	Shin Nikkei Co., Ltd.	TOSTEM Corp., YKK AP Inc.
	Exterior products	Shin Nikkei Co., Ltd.	Toyo Exterior Co., Ltd., Sanryo Aluminium Industry Co., Ltd.

## CONSOLIDATED SIX-YEAR SUMMARY

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries  
Years ended March 31

	Millions of yen						Thousands of U.S. dollars
	2000	2001	2002	2003	2004	2005	2005
<b>Financial Results</b>							
Net Sales .....	549,194	565,223	521,861	514,042	532,201	560,284	5,217,283
Gross Profit Margin (%) .....	18.4	18.4	19.7	20.1	21.1	21.0	21.0
Operating Profit .....	2,150	12,205	11,723	20,086	26,355	30,560	284,570
Ordinary Profit (Loss) .....	(9,499)	2,906	4,805	12,325	16,092	21,857	203,529
Net Income (Loss) .....	(14,096)	(21,905)	1,518	7,116	11,525	13,488	125,598
<b>Segment Information</b>							
Net Sales:							
Aluminum Ingot and Chemicals .....	86,642	91,172	84,775	81,495	82,851	92,948	865,518
Aluminum Sheet and Extrusions .....	55,990	69,006	54,239	58,374	64,860	72,824	678,127
Fabricated Products and Others .....	221,849	225,763	207,652	204,171	215,461	219,802	2,046,764
Building Materials .....	184,713	179,282	175,195	170,002	169,029	174,710	1,626,874
Total .....	549,194	565,223	521,861	514,042	532,201	560,284	5,217,283
<b>Operating Profit (Loss):</b>							
Aluminum Ingot and Chemicals .....	7,528	8,523	5,589	4,946	4,727	8,866	82,559
Aluminum Sheet and Extrusions .....	645	1,379	(620)	1,027	3,667	5,785	53,870
Fabricated Products and Others .....	(216)	10,811	9,524	11,069	14,071	14,883	138,588
Building Materials .....	(1,798)	(5,285)	328	5,875	6,687	4,068	37,880
Corporate or Elimination .....	(4,009)	(3,223)	(3,098)	(2,831)	(2,797)	(3,042)	(28,327)
Total .....	2,150	12,205	11,723	20,086	26,355	30,560	284,570
<b>Financial Position</b>							
Current Assets .....	320,592	331,378	305,813	287,083	290,625	285,252	2,656,225
Fixed Assets .....	284,754	268,995	258,474	238,678	229,960	229,529	2,137,341
Current Liabilities .....	282,920	332,866	334,732	294,637	291,799	266,212	2,478,928
Long-term Liabilities .....	202,903	181,808	141,870	138,623	122,593	129,237	1,203,436
Minority Interest in Consolidated Subsidiaries .....	19,014	4,221	4,371	3,155	3,735	4,050	37,713
Shareholders' Equity .....	100,509	81,478	83,314	89,346	102,458	115,282	1,073,489
Interest-bearing Debt .....	314,952	304,569	295,255	258,831	231,807	210,368	1,958,916
<b>Cash Flows</b>							
Cash Flows from Operating Activities .....	22,233	22,698	26,685	33,507	23,448	32,345	301,192
Depreciation and Amortization .....	23,047	19,368	18,542	17,128	16,504	16,591	154,493
Cash Flows from Investing Activities .....	(7,629)	(9,320)	(12,250)	224	(5,556)	(14,131)	(131,586)
Capital Expenditures .....	(13,425)	(17,662)	(14,947)	(13,501)	(17,516)	(16,973)	(158,050)
Cash Flows from Financing Activities .....	(27,560)	(14,288)	(9,416)	(36,504)	(27,703)	(22,702)	(211,398)
<b>Per Share Data (yen and dollars)</b>							
Net Income(loss) - basic .....	(31.01)	(41.22)	2.79	13.34	21.24	24.78	0.23
- diluted .....	—	—	—	—	—	23.83	0.22
Shareholders' Equity .....	198.45	149.96	153.36	167.01	188.84	212.63	1.98
Cash Dividends .....	2.0	—	1.5	2.0	2.5	3.5	0.03
<b>Indices</b>							
Return on Capital Employed (ROCE) (%) .....	(0.6)	2.3	3.1	5.5	7.0	8.6	8.6
Return on Equity (ROE) (%) .....	(14.5)	(24.1)	1.8	8.2	12.0	12.4	12.4
Equity Ratio (%) .....	16.6	13.6	14.8	17.0	19.7	22.4	22.4
<b>Others</b>							
Number of Shares Outstanding (thousands) .....	510,825	543,350	543,350	543,350	543,350	543,350	543,350
R&D Expenditures .....	5,166	4,703	4,686	4,427	4,804	5,538	51,569
Number of Employees .....	14,074	12,931	12,705	12,328	12,598	12,927	12,927

Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥107.39 = U.S.\$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

**Overview**

During fiscal 2004 (the year ended March 31, 2005), the Japanese economy performed relatively well. However, inventory adjusted in the IT-related industry and increases in prices of oil and materials heightened concerns as to prospects for the Japanese economy.

In the aluminum industry, despite sluggish demand from the construction sector, total product demand exceeded the previous fiscal year's level thanks to generally brisk demand for electric and electronic products, transport equipment and food products due to recovery of the Japanese economy in general and an unusually hot summer.

**Earnings and Expenses**

In these circumstances, consolidated net sales of the NLM Group increased 5.3% year on year to ¥560.3 billion (\$5,217 million). Please refer to the Review of Operations (Pages 10 and 11) for an overview of the results of operations.

The cost of sales increased 5.4% from the previous fiscal year to ¥442.5 billion (\$4,121 million), and the cost of sales ratio increased 0.1 percentage points to 79.0%. Selling, general and administrative expenses increased 1.4% to ¥87.2 billion (\$812 million). As a result, operating profit rose 16.0% to ¥30.6 billion (\$285 million).

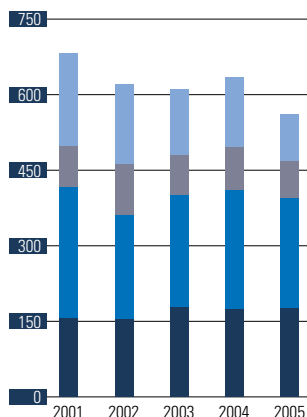
Non-operating income declined 41.4% to ¥3.1 billion (\$29 million). This was mainly due to a ¥1.2 billion decrease in the amount of amortization of consolidation adjustments compared with that for the previous year as a result of completion in July 2003 of amortization of negative goodwill

associated with the acquisition of the equity of Shin Nikkei Co., Ltd. in August 2000 and due to reporting of equity in losses of associates compared with equity in earnings of associates of ¥0.3 billion for the previous fiscal year. Non-operating expenses decreased 24.1% to ¥11.8 billion (\$110 million) mainly attributable to the decrease in interest expense as a result of redemption of corporate bonds and reporting of equity in losses of associates. As a result, ordinary profit soared 35.8% to ¥21.9 billion (\$204 million).

Special gains decreased from ¥4.9 billion for the previous fiscal year to ¥1.1 billion (\$10 million), as a result of the decrease in the gain on sale of investment securities from ¥1.2 billion for the previous fiscal year to ¥0.8 billion (\$8 million) and the decrease in the gain on sale of fixed assets from ¥3.7 billion for the previous fiscal year to ¥0.3 billion (\$3 million). Special losses increased from ¥1.9 billion for the previous year to ¥3.4 billion (\$31 million). This increase was attributable to the fact that although no loss on devaluation of investment securities was reported for the year under review compared with reporting of a ¥1.9 billion loss on devaluation of investment securities for the previous fiscal year, a loss on impairment of fixed assets amounting to ¥2.2 billion (\$20 million) was reported owing to early adoption of the accounting standards for impairment of fixed assets and a loss on liquidation of a household utensils business amounting to ¥1.2 billion (\$11 million) was reported.

The total amount of current income taxes increased ¥2.9 billion from the previous fiscal year to ¥7.5 billion (\$70

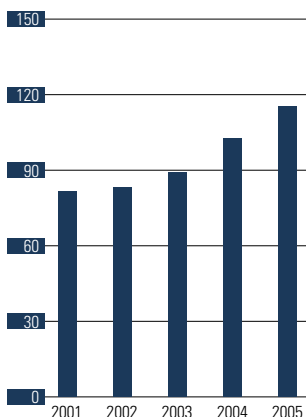
**Net Sales By Segment**



\*including intersegment transactions  
Billions of yen      Years ended March 31

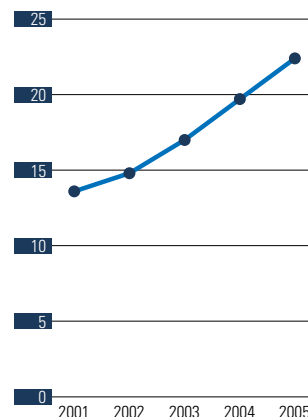
- Aluminum Ingot and Chemicals
- Aluminum Sheet and Extrusions
- Fabricated Products and Others
- Building Materials

**Total Shareholders' Equity**



Billions of yen      As of March 31

**Equity Ratio**



%      As of March 31



million). The principal reason for this increase was the increase in taxable income because the deficit carried forward of the Company was resolved. For the previous fiscal year, deferred income tax amounted to ¥2.3 billion due to reversal of deferred tax assets in connection with offsetting of taxable income of the consolidated subsidiaries by the Company's deficit carried forward. For the fiscal year under review, deferred tax assets amounting to ¥2.0 billion (\$19 million) were reported by recognizing tax effects because it became possible to reschedule temporary differences concerning investments in certain consolidated subsidiaries. Consequently, consolidated net income rose 17.0% from the previous fiscal year to ¥13.5 billion (\$126 million). The average number of shares outstanding during the fiscal year increased from 540,507,663 shares in fiscal 2003 to 542,106,572 shares in fiscal 2004. As a result, basic net income per share of common stock was ¥24.78 (\$0.23), 16.7% higher than for the previous fiscal year. Payment of cash dividends of ¥3.5 per share of common stock, ¥1.0 higher than for the previous fiscal year, was approved by the resolution of the ordinary general meeting of shareholders of the Company held on June 29, 2005.

#### **Assets, Liabilities and Shareholders' Equity**

Total assets decreased 1.1% from the end of the previous fiscal year to ¥514.8 billion (\$4,794 million). The decrease was mainly attributable to the lower book value of land due to early adoption of the accounting standards for impairment of fixed assets and the Company's efforts to reduce assets, despite increases in notes and accounts receivable-trade in line with the higher net sales.

Total liabilities decreased 4.6% from the end of the previous fiscal year to ¥395.4 billion (\$3,682 million), mainly due to decreases in both short-term borrowings and long-term debt. Interest-bearing debt decreased 9.2% to ¥210.3 billion.

Minority interest in consolidated subsidiaries amounted to ¥4.1 billion (\$38 million), 8.4% higher than at the end of the previous fiscal year. Shareholders' equity rose 12.5% to ¥115.3 billion (\$1,073 million), due to an increase in retained earnings as a result of the higher net income. Shareholders' equity per share of common stock was ¥212.63 (\$1.98), an increase of 12.6%. The equity ratio was 22.4%, an improvement of 2.7 percentage points.

#### **Cash Flows**

Cash and cash equivalents at March 31, 2005, were ¥30.3 billion (\$282 million), 12.8% lower than at the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥32.3 billion (\$301 million), 37.9% higher. This increase was attributable to reporting of a loss on impairment of fixed assets, a loss on liquidation of a business and a decrease in the amount of amortization of negative goodwill, which did not accompany cash expenditure, and an increase in working capital compared with the previous fiscal year, which is the sum of increases in notes and accounts receivable-trade and in inventories.

Net cash used for investing activities amounted to ¥14.1 billion (\$132 million), having increased by 154.3% compared with the previous fiscal year. This was mainly owing to decreases in proceeds from sale of fixed assets and proceeds from sale of investment securities, an increase in payments for purchase of fixed assets, and the fact that whereas proceeds from the purchase of 100% equity of Alcan Nikkei Siam Ltd. (present Nikkei Siam Aluminium Ltd.) were reported in the previous year, no such cash inflow was reported in the fiscal year under review.

Net cash used for financing activities was ¥22.7 billion (\$211 million), having decreased by 18.1%. This decrease was mainly attributable to reporting of proceeds from issuance of corporate bonds, whereas no proceeds from issuance of corporate bonds were reported in the previous fiscal year, and lower expenditure for redemption of corporate bonds, despite decreases in short-term borrowings and long-term debt.

#### **Outlook for Fiscal 2005**

The business environment is expected to remain uncertain as sharp increases in the prices of raw materials and supplies and monetary tightening in the United States and China may cause the economy to lose momentum. The aluminum industry in Japan forecasts lower growth in overall demand in fiscal 2005. Although no certain economic growth drivers are in evidence, the Company will endeavor to increase sales and profits through the rigorous implementation of streamlining measures, meticulous response to customers, and the development and promotion of new products.

For fiscal 2005, the Company forecasts net sales of ¥580.0 billion, ordinary profit of ¥22.0 billion and net income of ¥11.0 billion on a consolidated basis. Net income per share of common stock is expected to be ¥20.29. Year-end cash dividends are expected to be ¥4.0 per share of common stock, ¥0.5 higher than for fiscal 2004.

## CONSOLIDATED BALANCE SHEETS

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries  
As of March 31, 2004 and 2005

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2005	2005
<b>Current assets:</b>			
Cash and deposits (Notes 3 and 6) .....	¥ 35,564	¥ 30,800	\$ 286,805
Notes and accounts receivable—trade (Note 14) .....	169,184	171,743	1,599,246
Inventories (Note 4) .....	69,236	69,769	649,679
Deferred income taxes (Note 8) .....	5,413	5,257	48,952
Other current assets (Note 3) .....	13,347	10,469	97,486
Allowance for doubtful accounts .....	(2,119)	(2,786)	(25,943)
<b>Total current assets</b> .....	<b>290,625</b>	<b>285,252</b>	<b>2,656,225</b>
<b>Fixed assets:</b>			
Property, plant and equipment (Note 6)—			
Buildings and structures .....	136,784	137,443	1,279,849
Machinery and equipment .....	274,458	278,138	2,589,980
Land .....	64,722	62,369	580,771
Construction-in-progress .....	2,819	3,424	31,884
Accumulated depreciation .....	(296,221)	(301,760)	(2,809,945)
	182,562	179,614	1,672,539
Intangible fixed assets .....	3,935	3,895	36,270
Investments and other assets—			
Investment securities (Notes 5 and 6) .....	29,466	30,703	285,902
Deferred income taxes (Note 8) .....	6,385	7,956	74,085
Other assets .....	11,576	10,233	95,288
Allowance for doubtful accounts .....	(3,964)	(2,872)	(26,743)
	43,463	46,020	428,532
<b>Total fixed assets</b> .....	<b>229,960</b>	<b>229,529</b>	<b>2,137,341</b>
<b>Total assets</b> .....	<b>¥ 520,585</b>	<b>¥514,781</b>	<b>\$4,793,566</b>

The accompanying notes are an integral part of these statements.

**LIABILITIES, MINORITY INTEREST IN CONSOLIDATED  
SUBSIDIARIES AND SHAREHOLDERS' EQUITY**

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2005	2005
<b>Current liabilities:</b>			
Short-term borrowings (Note 6) .....	¥ 96,628	¥ 81,542	\$ 759,307
Current portion of long-term debt (Note 6) .....	43,257	31,009	288,751
Notes and accounts payable—trade .....	104,437	107,354	999,665
Income taxes payable .....	3,475	6,008	55,946
Other current liabilities .....	44,002	40,299	375,259
<b>Total current liabilities</b> .....	<b>291,799</b>	<b>266,212</b>	<b>2,478,928</b>
<b>Long-term liabilities:</b>			
Long-term debt (Note 6) .....	89,797	96,491	898,510
Accrued pension and severance costs—			
for employees (Note 7) .....	25,039	25,638	238,737
for directors and statutory auditors .....	1,416	1,445	13,456
Negative goodwill .....	480	288	2,682
Other long-term liabilities (Note 8) .....	5,861	5,375	50,051
<b>Total long-term liabilities</b> .....	<b>122,593</b>	<b>129,237</b>	<b>1,203,436</b>
<b>Minority interests in consolidated subsidiaries</b> .....	<b>3,735</b>	<b>4,050</b>	<b>37,713</b>
<b>Shareholders' equity:</b>			
Common stock—			
Authorized: 1,600,000,000 shares			
Issued: 543,350,370 shares .....	39,085	39,085	363,954
Additional paid-in capital .....	24,569	24,569	228,783
Retained earnings (Note 9) .....	36,097	48,651	453,031
Revaluation surplus (Note 10) .....	508	145	1,350
Net unrealized gains on securities (Note 5) .....	2,621	3,017	28,094
Foreign currency translation adjustment .....	(289)	52	484
Treasury stock, at cost			
(1,028,654 shares in 2004 and 1,436,424 shares in 2005) .....	(133)	(237)	(2,207)
<b>Total shareholders' equity</b> .....	<b>102,458</b>	<b>115,282</b>	<b>1,073,489</b>
<b>Contingent liabilities (Note 14)</b>			
<b>Total liabilities, minority interest in consolidated subsidiaries and shareholders' equity</b> .....	<b>¥ 520,585</b>	<b>¥514,781</b>	<b>\$4,793,566</b>

## CONSOLIDATED STATEMENTS OF INCOME

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries  
For the years ended March 31, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2005	2005
<b>Net sales</b> .....	¥ 532,201	¥560,284	\$5,217,283
<b>Cost of sales (Note 13)</b> .....	419,908	442,543	4,120,896
<b>Gross profit</b> .....	112,293	117,741	1,096,387
<b>Selling, general and administrative expenses (Note 13)</b> .....	85,938	87,181	811,817
<b>Operating profit</b> .....	26,355	30,560	284,570
<b>Non-operating income:</b>			
Interest income .....	80	73	680
Amortization of negative goodwill .....	1,409	192	1,788
Equity in earnings of associates .....	304	—	—
Other .....	3,484	2,829	26,343
<b>Total non-operating income</b> .....	5,277	3,094	28,811
<b>Non-operating expenses:</b>			
Interest expense .....	5,438	4,335	40,367
Equity in losses of associates .....	—	365	3,399
Amortization of transition obligation for employees retirement benefits (Note 7) ...	2,130	2,086	19,424
Other .....	7,972	5,011	46,662
<b>Total non-operating expenses</b> .....	15,540	11,797	109,852
<b>Ordinary profit</b> .....	16,092	21,857	203,529
<b>Special gains:</b>			
Gain on sale of investment securities (Note 5) .....	1,231	813	7,571
Gain on sale of fixed assets .....	3,699	269	2,505
<b>Total special gains</b> .....	4,930	1,082	10,076
<b>Special losses:</b>			
Loss on impairment of fixed assets .....	—	2,160	20,114
Loss on liquidation of business .....	—	1,200	11,174
Loss on devaluation of investment securities .....	1,914	—	—
<b>Total special losses</b> .....	1,914	3,360	31,288
<b>Income before income taxes and minority interests</b> .....	19,108	19,579	182,317
<b>Income taxes (Note 8)—current</b> .....	4,562	7,500	69,839
—deferred .....	2,309	(2,042)	(19,015)
	6,871	5,458	50,824
<b>Minority interests in income of consolidated subsidiaries</b> .....	712	633	5,895
<b>Net income</b> .....	¥ 11,525	¥ 13,488	\$ 125,598
<b>Per share of common stock (Note 15):</b>			
	Yen		U.S. dollars (Note 2)
Net income —basic .....	¥ 21.24	¥ 24.78	\$ 0.23
—diluted .....	—	23.83	0.22
Cash dividends .....	¥ 2.50	¥ 3.50	\$ 0.03

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries  
For the years ended March 31, 2004 and 2005

	Millions of yen							
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Revaluation surplus	Net unrealized gains on securities	Foreign currency translation adjustment	Treasury stock, at cost
<b>Balance at March 31, 2003:</b> .....	543,350,370	¥39,085	¥24,680	¥25,697	¥510	¥ 743	(¥505)	(¥864)
Net income .....				11,525				
Cash dividends .....				(1,085)				
Directors' and statutory auditors' bonuses ...				(40)				
Equity on revaluation gain for land of an associate .....					(2)			
Net unrealized gains on securities (Note 5) ..						1,878		
Foreign currency translation adjustment ..							216	
Net increase in treasury stock .....								731
Gain on sale of treasury stock .....			345					
Reversal of gain on sale of treasury stock recorded by an associate due to the sale of its shares.....			(456)					
<b>Balance at March 31, 2004:</b> .....	543,350,370	39,085	24,569	36,097	508	2,621	(289)	(133)
Net income.....				13,488				
Cash dividends .....				(1,356)				
Directors' and statutory auditors' bonuses				(45)				
Transfer of revaluation gain for land of an associate .....				363	(363)			
Net unrealized gains on securities (Note 5)						396		
Foreign currency translation adjustment...							341	
Net decrease in treasury stock.....								(104)
Change in functional currency by a foreign subsidiary of an associate.....				70				
Inclusion in consolidation due to the merger with an unconsolidated subsidiary .....				34				
<b>Balance at March 31, 2005</b> .....	<b>543,350,370</b>	<b>¥39,085</b>	<b>¥24,569</b>	<b>¥48,651</b>	<b>¥145</b>	<b>¥3,017</b>	<b>¥ 52</b>	<b>(¥237)</b>

	Thousands of U.S. dollars (Note 2)							
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Revaluation surplus	Net unrealized gains on securities	Foreign currency translation adjustment	Treasury stock, at cost
<b>Balance at March 31, 2004:</b> .....	543,350,370	\$363,954	\$228,783	\$336,130	\$4,730	\$24,406	(\$2,691)	(\$1,238)
Net income .....				125,598				
Cash dividends .....				(12,627)				
Directors' and statutory auditors' bonuses ...				(419)				
Transfer of revaluation gain for land of an associate .....				3,380	(3,380)			
Net unrealized gains on securities (Note 5) ..						3,688		
Foreign currency translation adjustment ..							3,175	
Net decrease in treasury stock .....								(969)
Change in functional currency by a foreign subsidiary of an associate.....				652				
Inclusion in consolidation due to the merger with an unconsolidated subsidiary .....				317				
<b>Balance at March 31, 2005</b> .....	<b>543,350,370</b>	<b>\$363,954</b>	<b>\$228,783</b>	<b>\$453,031</b>	<b>\$1,350</b>	<b>\$28,094</b>	<b>\$ 484</b>	<b>(\$2,207)</b>

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries  
For the years ended March 31, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2005	2005
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥ 19,108	¥ 19,579	\$182,317
Depreciation and amortization .....	16,504	16,591	154,493
Amortization of negative goodwill .....	(1,409)	(192)	(1,788)
Loss on impairment of fixed assets .....	—	2,160	20,114
Loss on liquidation of business .....	—	1,200	11,174
Gain on sale of fixed assets, net .....	(3,699)	(269)	(2,505)
Gain on sale of investment securities .....	(1,231)	(813)	(7,571)
Loss on devaluation of investment securities .....	1,914	—	—
Increase in accrued pension and severance costs .....	1,145	591	5,503
Interest and dividend income .....	(281)	(274)	(2,551)
Interest expense .....	5,438	4,335	40,367
Equity in (earnings) losses of associates .....	(304)	365	3,399
Increase in notes and accounts receivable—trade .....	(11,479)	(8,253)	(76,851)
Increase in inventories .....	(264)	(501)	(4,665)
Increase in notes and accounts payable—trade .....	4,829	3,867	36,009
Other .....	957	3,370	31,381
<b>Sub total</b> .....	<b>31,228</b>	<b>41,756</b>	<b>388,826</b>
Interest and dividend income received .....	403	499	4,646
Interest paid .....	(5,409)	(4,471)	(41,633)
Income taxes paid .....	(2,774)	(5,439)	(50,647)
<b>Net cash provided by operating activities</b> .....	<b>23,448</b>	<b>32,345</b>	<b>301,192</b>
<b>Cash flows from investing activities:</b>			
(Increase) decrease in time deposits .....	(182)	337	3,138
Payments for purchase of investment securities .....	(335)	(345)	(3,213)
Proceeds from sale of investment securities .....	3,538	1,071	9,973
Payments for purchase of fixed assets .....	(13,571)	(14,920)	(138,933)
Proceeds from sale of fixed assets .....	5,556	461	4,293
Decrease in long-term loans receivable .....	176	74	689
Proceeds from purchase of consolidated subsidiary (Note 3) .....	1,346	—	—
Other .....	(2,084)	(809)	(7,533)
<b>Net cash used for investing activities</b> .....	<b>(5,556)</b>	<b>(14,131)</b>	<b>(131,586)</b>
<b>Cash flows from financing activities:</b>			
Decrease in short-term borrowings .....	(2,775)	(15,094)	(140,553)
Proceeds from long-term debt .....	28,380	41,964	390,763
Payments of long-term debt .....	(51,627)	(47,418)	(441,549)
Cash dividends paid by the Company .....	(1,082)	(1,355)	(12,618)
Cash dividends paid to minority interests .....	(186)	(358)	(3,334)
Other .....	(413)	(441)	(4,107)
<b>Net cash used for financing activities</b> .....	<b>(27,703)</b>	<b>(22,702)</b>	<b>(211,398)</b>
Effect of exchange rate changes on cash and cash equivalents .....	(59)	12	112
Net decrease in cash and cash equivalents .....	(9,870)	(4,476)	(41,680)
Cash and cash equivalents at beginning of year .....	44,651	34,781	323,875
Increase in cash and cash equivalents due to the merger with an unconsolidated subsidiary.....	—	28	261
<b>Cash and cash equivalents at end of year (Note 3)</b> .....	<b>¥ 34,781</b>	<b>¥ 30,333</b>	<b>\$282,456</b>

The accompanying notes are an integral part of these statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### **(a) Basis of presenting financial statements —**

The accompanying consolidated financial statements of Nippon Light Metal Company, Ltd. (“the Company”) and its consolidated subsidiaries (together “the Companies”) are prepared in accordance with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The notes to the consolidated financial statements include financial information which is not required under accounting principles and practices generally accepted in Japan, but is presented herein as additional information. In addition, the consolidated statements of shareholders’ equity are not required in Japan, but are also presented herein as additional information. The accompanying consolidated financial statements include certain reclassifications and modifications for the purpose of presenting them in a form more familiar to readers outside Japan.

#### **(b) Consolidation and investments in associates —**

The consolidated financial statements include the accounts of the Company and, with minor exceptions, companies substantially controlled by the Company. All significant intercompany transactions and accounts are eliminated.

Investments in significant companies where the Company has significant influence over management (associates) are stated at cost plus the Company’s share of undistributed earnings.

The difference between the cost and the underlying net equity of investments in consolidated subsidiaries or associates accounted for by the equity method has been allocated to identifiable assets based on fair market value at the date of acquisition. Any unassigned residual amount is recognized as goodwill and deferred or amortized on a straight-line basis over the effective period, with the exception of minor amounts which are charged to income in the year of acquisition.

#### **(c) Translation of foreign currencies —**

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in the net income for the year.

Assets and liabilities of foreign subsidiaries and associates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Profit and loss accounts for the year are translated into Japanese yen using the average exchange rate during the year. The resulting translation adjustments are accounted for as a component of “Shareholders’ equity”, except for the minority interest portion which is allocated to “Minority interests in consolidated subsidiaries”.

#### **(d) Cash and cash equivalents —**

“Cash and cash equivalents” in the consolidated statements of cash flows comprise cash on hand, bank deposits available for withdrawal on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

#### **(e) Inventories —**

Inventories are principally stated at cost, determined by the moving-average method, except for costs related to construction-type-contracts which are specifically identified.

#### **(f) Financial instruments —**

##### *i) Derivatives:*

All derivatives are stated at fair value with changes in fair value being included in the net income of the year in which they arise, except for derivatives designated as hedging instruments (see *iii* Hedge accounting).

##### *ii) Securities:*

Securities held by the Companies are classified into ‘held-to-maturity debt securities’, ‘investments in equity securities issued by unconsolidated subsidiaries and associates’ and ‘other securities’.

‘Held-to-maturity debt securities’ that the Companies intend to hold to maturity are stated at cost, after accounting for any premium or discount on acquisition which is amortized over the period to maturity.

‘Investments in equity securities issued by unconsolidated subsidiaries and associates’ are accounted for using the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and associates are stated at cost because the effect of application of the equity method would be immaterial.

‘Other securities’ for which market quotations are available are stated at fair value as of the end of the year with net unrealized gains or losses being included as a separate component of shareholders’ equity, net of related taxes. Realized gains and losses on sales are determined using the average cost method and are included in the net income for the year.

‘Other securities’ for which market quotations are not available are stated at cost, except as stated in the paragraph below.

In cases where the fair value of ‘held-to-maturity debt securities’, ‘investments in equity securities issued by unconsolidated subsidiaries and associates’, or ‘other securities’ has declined significantly and such impairment of value is not temporary, such securities are written-down to fair value and the resulting losses are charged to income for the year.

*iii) Hedge accounting:*

The Companies use derivatives to reduce the Companies' exposure to the risk of fluctuations in foreign exchange rates, interest rates, and the price of aluminum ingot in the market. Derivatives designated as hedging instruments by the Companies are principally forward exchange contracts, interest rate swap contracts and aluminum ingot forward contracts. The related hedged items are trade accounts receivable and payable, long-term bank loans and sales or purchases of aluminum ingot. Thus, the Companies' purchases of hedging instruments are limited to, at maximum, the amounts of the hedged items.

Gains or losses arising from changes in the fair value of derivatives designated as hedging instruments are deferred as an asset or liability and included in net income in the same period in which the gains and losses on the hedged items or transactions are recognized. The Companies use interest rate swaps to hedge their interest rate risk exposure. The related interest differentials paid or received under the interest rate swap agreements are recognized over the terms of the agreements in interest expense.

The Companies evaluate the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

*(g) Allowance for doubtful accounts —*

The allowance for doubtful accounts is estimated by applying the average percentage of actual bad debts in the past to the balance of receivables. In addition, an amount deemed necessary to cover non-collectable receivables is provided on an individual account basis.

*(h) Property, plant and equipment and depreciation —*

Property, plant and equipment are stated at cost. Depreciation is computed principally using the straight-line method at rates based on the estimated useful lives of the respective assets, principally, ranging from 2 years to 60 years for buildings and structures, and from 2 years to 22 years for machinery and equipment.

*(i) Impairment of fixed assets —*

An accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003) were issued and are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The Company and its domestic subsidiaries adopted the new standard and the guidance for the annual consolidated financial statements from the year ended March 31, 2005. The standards require that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group exceeds the sum of undiscounted future cash flows expected to result from the continued use and eventual disposal of the asset or asset group. An impairment loss is recognized in the income statement as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of net selling price at disposal or the discounted cash flows from the continued use and eventual disposal of the asset.

As a result of adopting the new standard and guidance, income before income taxes and minority interests decreased by ¥2,160 million (\$20,114 thousand) compared to what would have been recorded under the previous accounting standard. In addition, accumulated impairment losses are deducted directly from the related fixed assets.

*(j) Accrued pension and severance costs —*

"Accrued pension and severance costs for employees" represent the estimated present value of projected benefit obligations in excess of the fair value of the plan assets, except for the unrecognized transition amount and unrecognized actuarial differences. The unrecognized transition amount is amortized on a straight-line basis over 12 years and the unrecognized actuarial differences are amortized on a declining-balance basis over 12 years from the year following that in which they arise, except for unrecognized costs in respect of retired employees who retired under the early retirement program, which were fully amortized at the time of employees' retirement.

"Accrued pension and severance costs for directors and statutory auditors" represents the estimated amount to be paid if all directors and statutory auditors retired at the balance sheet date, based on the Company's retirement rules.

*(k) Lease transactions —*

Under Japanese accounting practices, finance leases are capitalized in principle. However, finance leases without an option to transfer ownership of the leased assets to the lessee may be accounted for as operating leases subject to appropriate footnote disclosure. Therefore, the Companies charge or credit periodic lease payments and receipts to income as incurred.

*(l) Income taxes —*

The income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes. The Company and its wholly-owned domestic subsidiaries use the Japanese consolidated taxation system.

The Company and its subsidiaries adopt the deferred tax accounting method. Income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.



On March 31, 2003, the Japanese National Diet approved various changes to the calculation of the statutory local enterprise tax for companies with capital in excess of ¥100 million, effective from April 1, 2004. Under the amended legislation, the enterprise tax is the sum of three tax components; a taxable income based component, a value added component and a capital based component, although there was only an “taxable income based component” before the amendment.

In addition, the Company adopted the treatment of practical report No. 12 issued by Accounting Standards Board of Japan, resulting in enterprise tax being based on a value added component and a capital based component amounting to ¥720 million (\$6,705 thousand) included in “Selling, general and administrative expenses”.

**(m) Research and development costs and computer software —**

Research and development costs are charged to income as incurred. Expenditure relating to computer software developed for internal use is charged to income as incurred, except in cases where it contributes to the generation of income or to future cost savings. In these cases, it is capitalized and amortized using the straight-line method over its estimated useful life, which is no longer than 5 years.

**(n) Appropriation of retained earnings —**

The company is required to obtain the approval of shareholders at an ordinary general meeting for appropriations of retained earnings in conformity with the Japanese Commercial Code. Appropriations of retained earnings are, therefore, not reflected in the consolidated financial statements for the year to which they relate but are recorded in the consolidated financial statements in the subsequent fiscal year after shareholders’ approval has been obtained.

**(o) Net income and dividends per share —**

Basic net income per share of common stock shown in the accompanying consolidated statements of income is computed based on the weighted average number of shares outstanding during the respective period.

Diluted net income per share reflects the potential dilution that could occur if securities were converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the time of issuance with an applicable adjustment for related interest expense and net of tax.

Cash dividends per share, shown in the accompanying consolidated statements of income, represents dividends declared as applicable to the respective fiscal year.

**(p) Reclassifications —**

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

**2. U.S. DOLLAR AMOUNTS:**

The rate of ¥107.39 = U.S.\$1, the approximate current rate prevailing on March 31, 2005, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements. These amounts are included solely for convenience and are not computed in accordance with generally accepted translation procedure. Accordingly, they should not be construed as representations that the yen amounts actually represent, or have been or could be readily converted, realized or settled in U.S. dollars at the rate or at any other rate.

**3. CASH AND CASH EQUIVALENTS:**

Reconciliation of “Cash and cash equivalents” to the accounts disclosed on the balance sheets at March 31, 2004 and 2005 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Cash and deposits.....	¥35,564	<b>¥30,800</b>	<b>\$286,805</b>
Time deposits with maturity in excess of 3 months.....	(903)	<b>(567)</b>	<b>(5,280)</b>
Cash equivalents included in “Other current assets” .....	120	<b>100</b>	<b>931</b>
Cash and cash equivalents.....	¥34,781	<b>¥30,333</b>	<b>\$282,456</b>

For the year ended March 31 2004, the Company acquired a share of Alcan Nikkei Siam Aluminium Ltd. (which changed its company name to Nikkei Siam Aluminium Ltd. on December 1, 2003), which became a newly consolidated subsidiary. At the time of consolidation, the assets and liabilities and the proceeds from the purchase of the consolidated subsidiary were as follows:

	Millions of yen
	<b>2004</b>
Current assets .....	<b>¥2,821</b>
Fixed assets .....	<b>1,227</b>
Current liabilities .....	<b>(819)</b>
Long-term liabilities.....	<b>(220)</b>
Negative goodwill .....	<b>(575)</b>
Acquisition cost .....	<b>¥2,434</b>
Payment in kind of investment securities for the acquisition .....	<b>(¥2,434)</b>
Cash and cash equivalents held by a newly consolidated subsidiary ("proceeds from purchase of consolidated subsidiary") .....	<b>¥1,346</b>

#### 4. INVENTORIES:

Inventories at March 31, 2004 and 2005 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2004	<b>2005</b>	<b>2005</b>
Finished products.....	¥21,945	<b>¥24,381</b>	<b>\$227,032</b>
Work-in-process, including costs related to construction-type-contracts .....	35,346	<b>33,096</b>	<b>308,185</b>
Raw materials and supplies.....	11,945	<b>12,292</b>	<b>114,462</b>
	¥69,236	<b>¥69,769</b>	<b>\$649,679</b>

#### 5. INVESTMENT SECURITIES:

##### (a) 'Other securities' with available market value —

The aggregate cost, carrying amount and gross unrealized gains and losses of 'other securities' with available market values at March 31, 2004 and 2005 were as follows:

	Millions of yen			
	2004			
	Cost	Unrealized gains	Unrealized losses	Carrying amount
Equity securities .....	¥ 3,661	¥ 4,437	¥ 36	¥ 8,062
	¥ 3,661	¥ 4,437	¥ 36	¥ 8,062
	Millions of yen			
	<b>2005</b>			
	Cost	Unrealized gains	Unrealized losses	Carrying amount
Equity securities .....	<b>¥3,703</b>	<b>¥5,127</b>	<b>¥15</b>	<b>¥8,815</b>
	<b>¥3,703</b>	<b>¥5,127</b>	<b>¥15</b>	<b>¥8,815</b>
	Thousands of U.S. dollars			
	<b>2005</b>			
	Cost	Unrealized gains	Unrealized losses	Carrying amount
Equity securities .....	<b>\$34,482</b>	<b>\$47,742</b>	<b>\$140</b>	<b>\$82,084</b>
	<b>\$34,482</b>	<b>\$47,742</b>	<b>\$140</b>	<b>\$82,084</b>

**(b) Sale of 'other securities' —**

The realized gains and losses on the sale of 'other securities' during the years ended March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Selling amount .....	¥ 2,857	¥ 1,071	\$ 9,973
Realized gains on sale .....	1,231	813	7,571
Realized losses on sale .....	—	—	—

**(c) 'Held-to-maturity securities' and 'other securities' without available market values —**

The carrying amounts of 'held-to-maturity securities' and 'other securities' without available market values at March 31, 2004 and 2005, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
(1) 'Held-to-maturity securities':			
Domestic debt securities privately offered .....	¥ 130	¥ 117	\$ 1,089
(2) 'Other securities':			
Equity investments in non-public companies .....	11,339	11,505	107,133
Other .....	49	72	670
	¥11,518	¥11,694	\$108,892

**(d) Maturity of debt securities —**

The redemption schedules for maturity of debt securities at March 31, 2004 and 2005 are as follows:

	Millions of yen			
	2004			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities:				
Government and municipal bonds .....	¥ 13	¥ 45	¥ 49	¥ 14
Corporate debt securities .....	—	10	—	—
Other .....	13	15	—	—
	¥ 26	¥ 70	¥ 49	¥ 14

	Millions of yen			
	2005			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities:				
Government and municipal bonds .....	¥12	¥47	¥36	¥12
Corporate debt securities .....	—	10	—	—
Other .....	—	25	—	—
	¥12	¥82	¥36	¥12

	Thousands of U.S. dollars			
	2005			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities:				
Government and municipal bonds .....	\$112	\$438	\$335	\$112
Corporate debt securities .....	—	93	—	—
Other .....	—	233	—	—
	\$112	\$764	\$335	\$112

**6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT:**

“Short-term borrowings” at March 31, 2005 bore interest at annual rates ranging from 0.590% to 3.000% and generally represented bank loans or short-term notes maturing at various dates within one year.

“Long-term debt” at March 31 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Loans, principally from banks and insurance companies due from 2004 to 2015 with interest rates ranging from 0.660% to 5.700%:			
Secured.....	¥109,155	¥ —	\$ —
Unsecured .....	3,845	—	—
Loans, principally from banks and insurance companies due from 2005 to 2014 with interest rates ranging from 1.100% to 5.600%:			
Secured.....	—	88,506	824,155
Unsecured .....	—	19,011	177,028
Secured 1.25% bonds due July 20, 2006, redeemable before due date .....	9,000	9,000	83,807
Unsecured 2.675% bonds due August 20, 2004, redeemable before due date .....	10,000	—	—
Zero coupon convertible bonds due September 30 2009, convertible currently at ¥350 .....	—	10,000	93,118
Capital lease obligations due from 2005 to 2029 with interest rates ranging from 6.900% to 7.200% .....	—	983	9,153
Capital lease obligations due from 2004 to 2029 with interest rates ranging from 1.900% to 7.200% .....	1,054	—	—
	133,054	127,500	1,187,261
Less: portion due within one year .....	(43,257)	(31,009)	(288,751)
Total long-term debt.....	¥ 89,797	¥ 96,491	\$ 898,510

A summary of assets pledged as collateral for “Short-term borrowings” and “Long-term debt” at March 31, 2005 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits.....	¥ 60	\$ 559
Property, plant and equipment.....	98,100	913,493
Investment securities.....	354	3,296

The aggregate annual maturities of “Long-term debt” beyond March 31, 2005 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2006.....	¥ 31,009	\$ 288,751
2007.....	35,245	328,196
2008.....	22,124	206,015
2009.....	17,094	159,177
2010.....	18,072	168,284
Thereafter .....	3,956	36,838
	¥127,500	\$1,187,261

**7. RETIREMENT BENEFIT PLANS:**

The Company and its domestic subsidiaries have defined benefit tax qualified pension plans and a non-contributory plan covering substantially all employees. Additional benefits may be granted to employees according to the conditions under which termination of employment occurs. Certain foreign subsidiaries have defined contribution plans.

“Accrued pension and severance costs” as of March 31, 2004 and 2005 are analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Projected benefit obligations .....	(¥65,500)	(¥64,995)	(\$605,224)
Fair value of plan assets.....	19,333	21,705	202,114
	(46,167)	(43,290)	(403,110)
Unrecognized transition amount .....	16,683	14,597	135,925
Unrecognized actuarial differences .....	4,445	3,055	28,448
Accrued pension and severance costs .....	(¥25,039)	(¥25,638)	(\$238,737)

The net pension costs related to retirement benefits for the years ended March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Service costs.....	¥ 3,420	¥ 3,390	\$ 31,567
Interest costs .....	1,420	1,384	12,888
Expected return on plan assets .....	(368)	(410)	(3,818)
Amortization of transition amount .....	*1 2,130	2,086	19,424
Amortization of unrecognized actuarial differences.....	1,531	726	6,761
Net pension and severance cost .....	¥ 8,133	¥ 7,176	\$ 66,822

\*1 The above figure includes an amount of ¥38 million for the year ended March 31, 2004, in respect of employees who retired under the early retirement program. These amounts were fully amortized at the time of the employees' retirement.

Assumptions used in calculation of the above information were as follows:

	2004	2005
Discount rate.....	2.5%	2.5%
Expected rate of return on plan assets.....	Mainly 2.5%	Mainly 2.5%
Method of attributing the projected benefits to periods of employee service.....	Straight-line basis	Straight-line basis
Amortization of unrecognized actuarial differences.....	Mainly 12 years	Mainly 12 years
Amortization of transition amount .....	12 years	12 years

## 8. INCOME TAXES:

The Company and its domestic subsidiaries are subject to a number of different taxes based on income which, in aggregate, indicate a statutory effective tax rate of approximately 42.0% and 40.7% for the years ended March 31, 2004 and 2005, respectively.

Tax losses can be carried forward for a five or seven-year period for offset against future taxable income.

Significant components of deferred tax assets and liabilities at March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Deferred tax assets:			
Accrued pension and severance costs .....	¥ 9,511	¥10,212	\$ 95,093
Tax loss carry forwards .....	11,339	6,992	65,108
Allowance for doubtful accounts .....	1,499	4,016	37,396
Accrued bonuses .....	2,383	2,487	23,159
Loss on disposal of fixed assets .....	1,828	1,420	13,223
Others .....	8,929	9,202	85,688
Total gross deferred tax assets .....	35,489	34,329	319,667
Valuation allowance .....	(21,561)	(18,194)	(169,420)
Total deferred tax assets, net of valuation allowance .....	13,928	16,135	150,247
Deferred tax liabilities:			
Unrealized gains on securities .....	(1,677)	(2,072)	(19,294)
Valuation gain on subsidiaries .....	(708)	(721)	(6,714)
Others .....	(399)	(446)	(4,153)
Total gross deferred tax liabilities .....	(2,784)	(3,239)	(30,161)
Net deferred tax assets .....	¥11,144	¥12,896	\$120,086

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the years ended March 31, 2004 and 2005 is as follows:

	2004	2005
Statutory tax rate .....	42.0%	40.7%
Increase (decrease) in taxes resulting from:		
Permanently non-deductible expenses .....	3.6	2.4
Amortization of negative goodwill .....	(3.1)	(0.4)
Impairment on investments in certain consolidated subsidiaries .....	—	(9.2)
Decrease in valuation allowance .....	(4.7)	(9.3)
Other .....	(1.8)	3.7
Effective income tax rate .....	36.0%	27.9%

## 9. APPROPRIATIONS OF RETAINED EARNINGS:

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 29, 2005.

	Millions of yen	Thousands of U.S. dollars
Cash dividends .....	¥1,897	\$17,665

## 10. REVALUATION SURPLUS:

An equity associate of the Company revalued its land used for business purposes in accordance with the Land Revaluation Law. As a result of this revaluation, the Company recognized its portion of the associate's revaluation surplus net of related taxes.

**11. LEASE TRANSACTIONS:**

The Companies charge or credit to income periodic lease payments and receipts for finance leases that do not have options to transfer ownership of the leased assets to the lessee. Such periodic lease payments under finance lease contracts totaled ¥1,777 million and ¥1,732 million (\$16,128 thousand), and receipts under finance lease contracts totaled ¥76 million and ¥82 million (\$764 thousand), for the years ended March 31, 2004 and 2005, respectively. Future lease payments and receipts under the Companies' finance leases and non-cancelable operating leases, including amounts representing interest, at March 31, 2004 and 2005 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Lease payments:			
Due within one year.....	¥1,759	¥1,984	\$18,475
Due beyond one year .....	4,925	6,783	63,162
	¥6,684	¥8,767	\$81,637
Lease receipts:			
Due within one year.....	¥ 73	¥ 95	\$ 885
Due beyond one year .....	19	32	298
	¥ 92	¥ 127	\$ 1,183

Leased assets under the Companies' finance leases, where lessors retain ownership of leased assets, are accounted for as operating leases by the Companies. If such leases had been capitalized, then the cost of the assets and the related accumulated depreciation at March 31, 2004 and 2005 would have been as follows:

	Millions of yen			Thousands of U.S. dollars
	2004			2005
	Cost	Accumulated depreciation	Net amount	Net amount
Buildings and structures .....	¥ 36	¥ 13	¥ 23	\$ 140
Machinery and equipment.....	10,093	3,789	6,304	79,048
Intangible fixed assets.....	171	96	75	1,173
	¥ 10,300	¥ 3,898	¥ 6,402	\$80,361

	Millions of yen			Thousands of U.S. dollars
	2005			2005
	Cost	Accumulated depreciation	Net amount	Net amount
Buildings and structures .....	¥ 36	¥ 21	¥ 15	\$ 140
Machinery and equipment.....	12,588	4,099	8,489	79,048
Intangible fixed assets.....	185	59	126	1,173
	¥12,809	¥4,179	¥8,630	\$80,361

The depreciation amount for these leased assets computed using the straight-line method over the period of the leases would have been ¥1,777 million and ¥1,732 million (\$16,128 thousand) for the years ended March 31, 2004 and 2005, respectively.

Fixed assets, excluding sub-leased assets, which are leased to other companies under finance leases without options to transfer ownership of the leased assets to the lessee at March 31, 2004 and 2005, were as follows:

	Millions of yen			Thousands of U.S. dollars
	2004			2005
	Cost	Accumulated depreciation	Net amount	Net amount
Machinery and equipment.....	¥ 81	¥ 51	¥ 30	\$1,099

	Millions of yen			Thousands of U.S. dollars
	2005			2005
	Cost	Accumulated depreciation	Net amount	Net amount
Machinery and equipment.....	¥186	¥68	¥118	\$1,099

The depreciation amount for these leased assets computed using the straight-line method over the period of the leases would have been ¥38 million and ¥66 million (\$615 thousand) for the years ended March 31, 2004 and 2005, respectively.

**12. DERIVATIVES:**

In the normal course of business, the Companies utilize various derivative financial instruments in order to manage the exposure resulting from fluctuations in foreign currency exchange rates, interest rates and the prices of aluminum ingot in the market. The Companies do not hold or issue derivative financial instruments for trading purposes.

At March 31, 2004 and 2005, there were no derivative financial instruments, except those instruments to which hedge accounting is applied.

**13. RESEARCH AND DEVELOPMENT COSTS:**

Research and development costs charged to "Cost of sales" and "Selling, general and administrative expenses" for the years ended March 31, 2004 and 2005 were ¥4,804 million and ¥5,538 million (\$51,569 thousand), respectively.

**14. CONTINGENT LIABILITIES:**

Contingent liabilities at March 31, 2005 for loans guaranteed and other guarantees (including construed guarantees) given in the ordinary course of business amounted to ¥17,046 million (\$158,730 thousand), including ¥3,394 million (\$31,604 thousand) shared by other joint guarantors, ¥2,284 million (\$21,268 thousand) for notes discounted, and ¥25 million (\$233 thousand) for notes endorsed.

**15. NET INCOME PER SHARE:**

Reconciliation of the differences between basic and diluted net income per share for the years ended March 31, 2004 and 2005 is as follows:

	Millions of yen	Thousands of shares	Yen	
	2004			
		Weighted average shares	Net income per share	
Net income.....	¥11,525			
Net income unavailable to common shareholders .....	(46)			
Basic net income .....	¥11,479	540,508	¥21.24	
	Millions of yen	Thousands of shares	Yen	U.S. dollars
	2005			2005
		Weighted average shares	Net income per share	Net income per share
Net income.....	<b>¥13,488</b>			
Net income unavailable to common shareholders .....	<b>(53)</b>			
Basic net income .....	<b>¥13,435</b>	<b>542,106</b>	<b>¥24.78</b>	<b>\$0.23</b>
Effect of warrant .....	<b>(4)</b>	<b>21,536</b>		
Diluted net income .....	<b>¥13,431</b>	<b>563,642</b>	<b>¥23.83</b>	<b>\$0.22</b>

**16. SUBSEQUENT EVENTS:**

On May 11, 2005, the Company acquired new shares (common stock : 3,250,000 shares, preferred stock : 130,000 shares) issued by Tokai Aluminum Foil Co., Ltd. ("Tokai") for an aggregate amount of ¥1,300 million (\$12,106 thousand) (¥650 million (\$6,053 thousand) each for common stock and preferred stock), resulting in Tokai becoming a newly consolidated subsidiary with 53.4% shareholding, in order to enhance the comprehensive strength of the Companies' aluminum foil business.

Principal business of Tokai is production and sale of aluminum foil and related manufactured goods and annual net sales for the year ended March 31, 2005 was ¥13,983 million (\$130,208 thousand) and total assets at March 31, 2005 was ¥10,266 million (\$95,595 thousand).



**17. SEGMENT INFORMATION:**

The Companies operate within four distinct industry segments, mainly in Japan: “Aluminum ingot and chemicals”, “Aluminum sheet and extrusions”, “Fabricated products and others” and “Building materials”.

The “Aluminum ingot and chemicals” segment supplies aluminum primary and remelted ingot used for various industrial materials, and produces a wide spectrum of aluminas and alumina hydrates ranging from raw materials to basic materials for ceramic compounds.

The “Aluminum sheet and extrusions” segment produces sheet, coil, and extrusion products consisting primarily of shapes, tubes and rods.

The “Fabricated products and others” segment produces a variety of products which include aluminum foil, aluminum powder, wing bodies for transport vehicles, automobile components and electronic materials.

The “Building materials” segment produces a wide range of materials including sashes, curtain walls, and doors and fences for commercial and residential construction.

“Corporate items” include general and administrative expenses and other expenses not specifically related to business segments.

Export sales and operations outside Japan are insignificant.

Information by industry segment for the years ended March 31, 2004 and 2005 is as follows:

	Millions of yen					
	2004					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers.....	¥ 82,851	¥ 64,860	¥ 215,461	¥ 169,029	¥ —	¥ 532,201
Intersegment.....	52,681	22,962	19,544	5,188	(100,375)	—
Total.....	135,532	87,822	235,005	174,217	(100,375)	532,201
Operating expenses.....	130,805	84,155	220,934	167,530	(97,578) <sup>*1</sup>	505,846
Operating profit (loss).....	¥ 4,727	¥ 3,667	¥ 14,071	¥ 6,687	(¥ 2,797)	¥ 26,355
Identifiable assets.....	¥ 94,899	¥ 71,366	¥ 201,848	¥ 164,674	(¥ 12,202) <sup>*2</sup>	¥ 520,585
Depreciation.....	¥ 2,816	¥ 1,702	¥ 5,150	¥ 6,746	¥ 90	¥ 16,504
Capital expenditures.....	¥ 3,618	¥ 1,657	¥ 7,459	¥ 4,709	¥ 73	¥ 17,516

<sup>\*1</sup> Netting of corporate items ... ¥2,847 million

<sup>\*2</sup> Netting of corporate items ... ¥20,480 million

	Millions of yen					
	2005					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers.....	¥ 92,948	¥72,824	¥219,802	¥174,710	¥ —	¥560,284
Intersegment.....	62,026	23,144	19,871	4,413	(109,454)	—
Total.....	154,974	95,968	239,673	179,123	(109,454)	560,284
Operating expenses.....	146,108	90,183	224,790	175,055	(106,412) <sup>*1</sup>	529,724
Operating profit (loss).....	¥ 8,866	¥ 5,785	¥ 14,883	¥ 4,068	(¥ 3,042)	¥ 30,560
Identifiable assets.....	¥ 99,070	¥69,689	¥201,252	¥156,853	(¥ 12,083) <sup>*2</sup>	¥514,781
Depreciation.....	¥ 2,856	¥ 1,794	¥ 5,737	¥ 6,127	¥ 77	¥ 16,591
Loss on impairment of fixed assets.....	¥ —	¥ —	¥ 2,130	¥ 30	¥ —	¥ 2,160
Capital expenditures.....	¥ 3,007	¥ 1,900	¥ 6,619	¥ 5,324	¥ 123	¥ 16,973

<sup>\*1</sup> Netting of corporate items ... ¥2,924 million

<sup>\*2</sup> Netting of corporate items ... ¥20,389 million

	Thousands of U.S. dollars					
	2005					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers.....	\$ 865,518	\$678,127	\$2,046,764	\$1,626,874	\$ —	\$5,217,283
Intersegment.....	577,577	215,514	185,036	41,093	(1,019,220)	—
Total.....	1,443,095	893,641	2,231,800	1,667,967	(1,019,220)	5,217,283
Operating expenses.....	1,360,536	839,771	2,093,212	1,630,087	(990,893) <sup>*1</sup>	4,932,713
Operating profit (loss).....	\$ 82,559	\$ 53,870	\$ 138,588	\$ 37,880	(\$ 28,327)	\$ 284,570
Identifiable assets.....	\$ 922,526	\$648,934	\$1,874,029	\$1,460,592	(\$ 112,515) <sup>*2</sup>	\$4,793,566
Depreciation.....	\$ 26,595	\$ 16,705	\$ 53,422	\$ 57,054	\$ 717	\$ 154,493
Loss on impairment of fixed assets.....	\$ —	\$ —	\$ 19,834	\$ 280	\$ —	\$ 20,114
Capital expenditures.....	\$ 28,001	\$ 17,693	\$ 61,635	\$ 49,576	\$ 1,145	\$ 158,050

<sup>\*1</sup> Netting of corporate items ... \$27,228 thousand

<sup>\*2</sup> Netting of corporate items ... \$189,859 thousand

ChuoAoyama PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

Kasumigaseki Bldg. 32nd Floor  
3-2-5, Kasumigaseki, Chiyoda-ku,  
Tokyo 100-6088, Japan

Report of Independent Auditors

June 29, 2005

To the Board of Directors of  
Nippon Light Metal Company, Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries as of March 31, 2004 and 2005, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

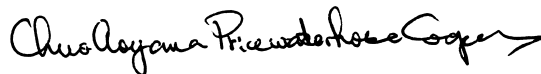
We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries as of March 31, 2004 and 2005, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

As described in Note 1 (i) to the accompanying consolidated financial statements, effective for the year ended March 31, 2005, the Company and consolidated subsidiaries changed their accounting policy for impairment of fixed assets.

As described in Note 16, on May 11, 2005, the Company acquired new shares issued by Tokai Aluminum Foil Company Limited ("Tokai"), resulting in Tokai becoming a newly consolidated subsidiary.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the readers, have been translated on the basis set forth in Note 2 to the accompanying consolidated financial statements.



### OVERSEAS SUBSIDIARIES AND ASSOCIATES

#### North America

##### **Nikkei North America Aluminum Inc.**

Ohio, U.S.A.  
Phone: 1-330-463-5565  
Trading and marketing  
(100%)

##### **Toyal America Inc.**

Illinois, U.S.A.  
Phone: 1-815-740-3037  
Aluminum powder and paste  
(100%)

#### Europe

##### **Toyal Europe Société par Actions Simplifiée**

Accous, France  
Phone: 33-5-59-983-535  
Aluminum powder and paste  
(100%)

#### East Asia

##### **Alcan Nikkei China Limited**

Hong Kong, SAR, China  
Phone: 852-2522-3001  
Trading and marketing  
(51%)

##### **Nippon Light Metal (Hong Kong) Limited**

Hong Kong, SAR, China  
Phone: 852-2541-5563  
Building materials  
(100%)

##### **Nonfemet International (China-Canada-Japan) Aluminium Co., Ltd.**

Shenzhen, China  
Phone: 86-755-2661-1569  
Extrusion  
(18%)

##### **NI Nikkei Shenzhen Co., Ltd.**

Shenzhen, China  
Phone: 86-755-2650-5656  
Automobile components  
(55%)

#### Southeast Asia

##### **Amalgamated Aluminium and Alloys Sdn. Bhd.**

Malaysia  
Phone: 60-3-341-9500  
Aluminum alloys  
(35%)

##### **Daiki Nikkei Thai Co., Ltd.**

Thailand  
Phone: 66-3821-4631  
Aluminum alloys  
(35%)

##### **Nikkei Siam Aluminium Limited**

Thailand  
Phone: 66-2-529-0136  
Aluminum sheet, foil  
(100%)

##### **Nikkei Singapore Aluminium Pte. Ltd.**

Singapore  
Phone: 65-6222-8991  
Trading and marketing  
(100%)

(As of March 31, 2005)

### Directors

Shigesato Sato

*President*

*Representative Director*

Yoshisato Hiratsuka

Takashi Ishiyama

Shigeru Kohmura

Motoi Kobayashi

Tsuyoshi Nakajima

Makoto Fujioka

Kazuyuki Hasegawa

Masao Imasu

Yasuo Noda

Hidetane Iijima

### Auditors

Shozo Ueda

Koji Tajima

Seiichi Takeda

### Officers

Shigesato Sato

*President*

*Chief Executive Officer*

Yoshisato Hiratsuka

*Executive Vice President*

*Senior Executive Officer*

Shigeru Kohmura

*Senior Executive Officer*

Takashi Ishiyama

*Senior Executive Officer*

Motoi Kobayashi

*Senior Executive Officer*

Tsuyoshi Nakajima

*Executive Officer*

Makoto Fujioka

*Executive Officer*

Koji Kawakami

*Executive Officer*

Toshikazu Wasa

*Executive Officer*

Mitsuru Ishihara

*Executive Officer*

Yoshiaki Kurihara

*Executive Officer*

Akira Kato

Tadakazu Miyauchi

Koji Ueno

Mitsuaki Asano

Yoshitaka Ohtsu

(As of September 1, 2005)

**Head Office**

NYK Tennoz Building  
2-20, Higashi-Shinagawa 2-chome  
Shinagawa-ku, Tokyo 140-8628, Japan  
http://www.nikkeikin.co.jp  
Phone: 81-3-5461-9333  
Fax: 81-3-5461-9344

**Established**

March 30, 1939

**Paid-In Capital**

¥39,085 million

**Shares of Common Stock**

Authorized: 1,600,000,000  
Issued: 543,350,370

**Number of Shareholders**

45,981

**Stock Exchange Listings**

Tokyo, Osaka and three other  
domestic stock exchanges

**Transfer Agent of Common Stock**

The Chuo Mitsui Trust & Banking Co., Ltd.

**Last Shareholders' Meeting**

June 29, 2005

**Major Shareholders**

(Ratio of Stock Holding)

Japan Trustee Services Bank, Ltd.  
(trust accounts)  
(12.6%)

The Master Trust Bank of Japan, Ltd.  
(trust accounts)  
(10.8%)

Nippon Life Insurance Co.  
(Special Pension Account)  
(3.7%)

The Dai-ichi Mutual Life Insurance Co.  
(3.7%)

Asahi Mutual Life Insurance Co.  
(2.8%)

The Light Metal Educational  
Foundation, Inc.  
(2.7%)

Namekawa Aluminium Co., Ltd.  
(2.7%)

Nikkei-Keiyu-Kai  
(2.1%)

Mizuho Corporate Bank, Ltd.  
(2.1%)

Mizuho Trust employee pension trust  
Mizuho Corporate accounts  
(1.6%)

**Major Domestic Subsidiaries**

**Shin Nikkei Co., Ltd.**

Aluminum sashes, construction materials \*1

**Nippon Fruehauf Co., Ltd.**

Aluminum vans, trucks, trailers,  
containers  
(66%)

**Toyo Aluminium K.K.**

Aluminum foil, powder and paste  
(100%)

**Riken Light Metal Industrial Co., Ltd.**

Aluminum construction materials \*2

**Nippon Electrode Co., Ltd.**

Carbon for iron and steel blast furnaces  
and for aluminum smelting, and other  
types of carbon  
(100%)

**Nikkei Sangyo Co., Ltd.**

Aluminum welding rods, various kinds  
of contract work  
(98.6%)

**Nikkei Information System Co., Ltd.**

Development, maintenance and opera-  
tion of computer software  
(100%)

**Nikkei Logistics Co., Ltd.**

Transport, warehousing \*5

**Nikkei Extrusions Co., Ltd.**

Aluminum extruded products  
(100%)

**Nikkei Aluminium Core Technology  
Co., Ltd.**

Aluminum extrusions and fabricated  
products  
(100%)

**Nikkei Panel System Co., Ltd.**

Panel for pre-fabricated freezer/refriger-  
ator and cleanroom  
(100%)

**NLM ECAL Co., Ltd.**

Housing for cellular and mobile  
telecommunications base stations  
(100%)

**Aluminium Wire and Rod Co., Ltd.**

Aluminum rough drawing wire  
(58.3%)

**Matsuo Industry Co., Ltd.**

Aluminum castings and forgings \*4

\*1 98%; Direct interest by NLM  
2%; Interest held by Nikkei Sangyo Co., Ltd.

\*2 98.5%; Direct interest by NLM  
1.5%; Interest held by Nikkei Logistics Co., Ltd.

\*3 46%; Direct interest by NLM  
44%; Interest held by Shin Nikkei Co., Ltd.  
10%; Interest held by Nippon Fruehauf Co., Ltd.

\*4 99.1%; Direct interest by NLM  
0.1%; Interest held by Nikkei Sangyo Co., Ltd.

(As of March 31, 2005)



**Nippon Light Metal Company, Ltd.**

NYK Tennoz Building, 2-20, Higashi-Shinagawa 2-chome  
Shinagawa-ku, Tokyo 140-8628, Japan  
<http://www.nikkeikin.co.jp>