Nippon Light Metal Company, Ltd.

Meeting Next-Generation Needs for Aluminum

Annual Report 2000

April 1,1999–March 31,2000

NLM

Profile

Nippon Light Metal Company, Ltd. (NLM), Japan's only fully integrated aluminum manufacturer, has led the industry for 61 years. NLM's operations include converting bauxite into alumina; generating electric power for aluminum plants; smelting aluminum from alumina; manufacturing, distributing, and marketing finished and semifinished aluminum and nonaluminim-based products; and producing and selling related industrial chemicals.

As part of its growth strategy, in October 1999 NLM merged with consolidated subsidiary Toyo Aluminium K.K. (Toyal), which specializes in the production and sales of aluminum foil, paste and powder; alloy powders; high-purity aluminum nitride powder; and aluminum intermetallic compound. Through this merger, NLM expects to enhance the operations of both companies, allowing us to derive substantial benefits from complementary areas of business and to provide a broader lineup of products to customers throughout Japan, as well as to take advantage of business expansion opportunities throughout Asia.

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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.

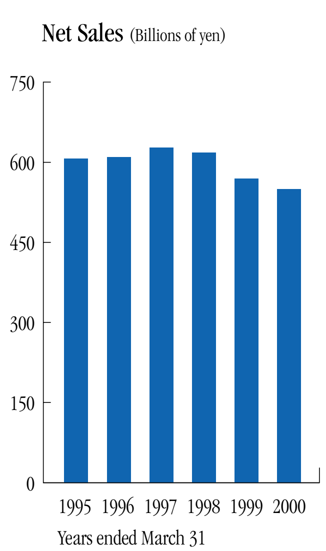
Cover:
The Kambara complex, located near Mt. Fuji, is the only one of its kind in Japan.

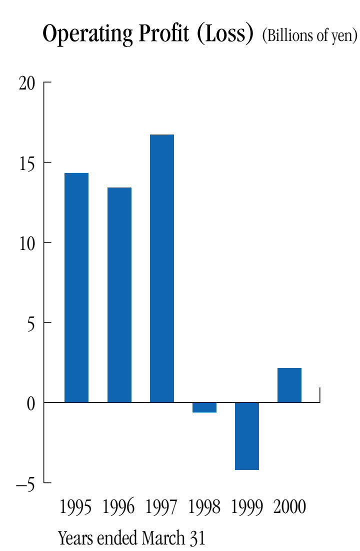
Consolidated Six-Year Summary

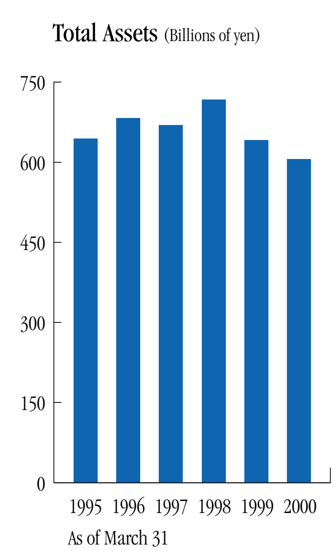
Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
Years ended March 31

	Millions of yen						Thousands of U.S. dollars
	1995	1996	1997	1998	1999	**2000**	**2000**
For the year:							
Net sales	¥607,237	¥608,804	¥626,787	¥617,595	¥569,036	**¥549,194**	**$5,173,754**
Operating profit (loss)	14,288	13,430	16,727	(574)	(4,153)	**2,150**	**20,254**
Net income (loss)	(5,060)	130	(1,516)	(11,846)	(19,248)	**(14,096)**	**(132,793)**
At year-end:							
Total assets	644,219	682,000	668,954	716,753	640,989	**605,346**	**5,702,741**
Shareholders' equity	147,000	146,756	144,405	131,836	93,481	**100,509**	**946,858**
Short-term borrowings and long-term debt, including commercial paper (Note 4)	257,314	274,628	279,596	333,052	340,445	**310,891**	**2,928,789**
Per share data (yen and dollars):							
Net income (loss)	¥ (9.43)	¥ 0.24	¥ (2.82)	¥ (22.07)	¥ (40.98)	**¥ (31.01)**	**$ (0.29)**
Cash dividends	2.00	2.00	2.00	2.00	2.00	**2.00**	**(0.02)**
Shareholders' equity	273.83	273.38	269.00	245.59	232.18	**198.45**	**1.87**
Stock information (TSE) (yen and dollars):							
Stock price:							
High	¥ 795	¥ 680	¥ 690	¥ 480	¥ 199	**¥ 199**	**$ 1.87**
Low	446	370	367	133	112	**66**	**0.62**

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







To Our Shareholders

Operating Results

During fiscal 1999, ended March 31, 2000, the Japanese economy was characterized by government economic stimulus measures centering on public-sector capital and private housing investment. Furthermore, robust economic activity in the United States began supporting the domestic stock market. Despite such positive signs amid Japan's long-lived economic stagnation, labor market uncertainties continued to sap private consumption levels, as a result of which a full-fledged recovery failed to occur.

During the year, domestic aluminum demand rose for the first time in three years, spurred by a recovery in residential housing starts. Demand from the automotive and electrical equipment sectors was also firm. Despite these positive indicators, price competition intensified. Japanese demand for aluminum can be broadly divided into two major segments: construction-related and the transportation industry. In fiscal 1999, demand rose 0.3% in the former category and 2.5% in the latter.

Under these conditions, Nippon Light Metal Company, Ltd. (NLM), saw consolidated net sales dip 3.5% to ¥549.2 billion. However, owing to successful efforts to curtail fixed costs, the Company posted operating income for the first time in three years, amounting to ¥2.2 billion. Affecting profitability, however, was a decline in the selling price of building materials. Furthermore, performance suffered in the area of computer memory devices—previously a growth area—owing to a simultaneous decrease in sales volumes and unit sales prices on aluminum substrates for memory disks. Net sales and profits suffered, with the Company posting an extraordinary loss and withdrawing its operations in computer memory devices. As a result, the Company posted a consolidated net loss of ¥14.1 billion. Although net income per share was negative ¥31.01, the Company elected to maintain dividends per share at ¥2.00.

Our Merger with Toyal

Following its February 1998 acquisition of a 50% stake in Toyo Aluminium K.K. (Toyal)—the nation's largest manufacturer of aluminum foil and one of the world's largest specialized manufacturers of aluminum paste and powder—in October 1999 NLM merged with Toyal. Prior to the merger, a newly formed sales company took over the sales, R&D, procurement and management divisions of the former Toyal. Hence, through the merger, NLM effectively absorbed Toyal's manufacturing assets.

One aim of the merger, which is part of NLM's growth strategy, was to enable us to produce higher-value-added products. At the same time, this merger will increase NLM's prominence as Japan's only integrated manufacturer of aluminum products. In addition, we expect our ability to provide an even broader product lineup—specifically in growth areas—to positively affect the Company in terms of customer reliability and new business development, both of which will boost profitability. The merger will also help improve the utilization ratio at our Nagoya rolling plant and our Kambara casting and electrolytic foil plants, effectively lowering costs throughout the foil-production process.

In August 2000, NLM will obtain the remainder of the outstanding shares in Shin Nikkei Company, Ltd., in exchange for newly issued shares in NLM, making Shin Nikkei a wholly owned subsidiary. A major reason for this decision was to reflect NLM's management decisions more quickly in the field of construction materials and speed the Company's recovery in this segment.

Outlook for Fiscal 2000

In fiscal 2000, NLM expects the Japanese economy to recover slightly. However, private-sector demand is unlikely to recover fully. Nevertheless, we believe the long-term prospects for the aluminum industry are promising. Environmental concerns are promoting the increased use of aluminum in consumer products, and we therefore expect slightly higher demand for aluminum in the automotive, electrical equipment and electronics and industrial machinery sectors.

Conversely, a decrease in new housing starts will likely sap demand for aluminum building materials, and the increased use of aluminum in truck chassis will require some time. Despite the continuing difficulties we foresee for the aluminum industry, the NLM Group will continue to push through reforms designed to enhance management speed and decision-making effectiveness. At the same time, we will maintain our R&D focus on technologies and products that anticipate market needs.

For fiscal 2000, NLM has targeted consolidated net sales of ¥540 billion, down 2% from the fiscal 1999 level. At the same time, we anticipate operating income of ¥11.0 billion and net income of ¥1.5 billion, improving ¥9.0 billion and ¥15.5 billion, respectively.

To achieve these goals, we believe the Company must address three key management issues. First, we must ensure that our operations generate stable profits and concentrate on new growth areas. NLM believes that its core competence lies in the technologies and the R&D capacity to develop products from materials into finished products. We will maximize these strengths by anticipating market needs and being first in the marketplace with processed aluminum products of exceptional quality.

Second, we will reorganize business areas that are unprofitable or that generate low profits. In particular, we will raise profitability in these areas by reducing the amount of capital they require and curtailing the costs they incur.

Third, NLM will improve the functional performance of its management system to accelerate decision making and ensure the allocation of authority and responsibility. To accomplish this goal, we are substantially reducing the size of the Board of Directors and creating an executive committee to implement the Board's decisions.

For the NLM Group, we maintain a long-term goal of attaining a 7% return on capital employed (ROCE) as the result of our management restructuring efforts. Within three years, we aim to make significant progress toward this level, achieving ROCE of 5% and improving our debt-to-equity ratio from 70:30 to 65:35.

Through these efforts, NLM aims to improve its rate of return to stakeholders by maintaining steady dividend levels. Furthermore, we will endeavor to keep lines of communications open and sincerely evaluate suggestions from our stakeholders. We ask for your continued involvement and thank you for your cooperation to date.

June 29, 2000

Yukoh Masuda
Chairman and Representative Director

Kazuo Matsui
President and Chief Executive Officer

Yukoh Masuda (left)
Chairman and Representative Director

Kazuo Matsui (right)
President and Chief Executive Officer

Meeting Next-Generation Needs for Aluminum

Aluminum and the NLM Group:

Fulfilling the Promise of the 21st Century

Lightweight and recyclable, aluminum can be highly cost effective. NLM is confident that aluminum will play an instrumental role in saving the earth's depleting resources. The NLM Group's mission is to help protect the environment by providing aluminum and related products. Our future business will center on materials that fulfill this mission.

Protecting the environment in the coming century is essential, and society counts on aluminum to play a key role. Consistent with our mission, we are revamping our managerial structure to accommodate the growth and development potential of the aluminum business.

Faced with the great expectations for aluminum in the 21st century, we are well aware of the work that remains to meet this challenge. At the beginning of fiscal 1999, as part of our preparations, we initiated such restructuring actions as reducing fixed assets and reorganizing our business and managerial structures.

The entire staff at NLM—from top executives on down—consciously strives to improve business through enhanced speed, effectiveness and performance. We are convinced that these developments will raise Group profitability, ultimately benefiting shareholders, customers, our workforce and society throughout our operating region.

Business Restructuring

We recognize that, initially, restructuring efforts require that we bolster returns in unprofitable and low-performing sectors as well as reduce capital expenditures. To accomplish this restructuring, we have established a strategy comprising the following six components.

1. Full Ownership of Shin Nikkei

In August 2000, we purchased all outstanding stock in Shin Nikkei Company, Ltd.—a building materials subsidiary traded on the Second Section of the Tokyo Stock Exchange—forming a wholly owned subsidiary. Revisions in October 1999 to the portion of Japan's commercial law governing subsidiary holdings have enabled us to offer newly issued shares in NLM in exchange fo those of Shin Nikkei at a ratio of 1:0.86.

As a wholly owned subsidiary, we expect strong management to give rise to rapid increases in the business efficiency of Shin Nikkei. Possibilities for shared managerial and administrative functions should translate into operating profitability in fiscal 2000.

2. Strengthening Our Extrusion Business

The first phase of our strategy to boost profitability in the aluminum extrusion sector is to expand business by focusing on particularly promising markets—automobiles, transportation and information technology.

Our foremost objective is to unify the structure of our related companies in this sector. Pursuant to this goal, in

Inside an NLM extrusion plant

January 2000 we formed a fabricated sheet and extrusion products division by combining what was previously an extrusion subsidiary—Nikkei Extrusions Co., Ltd.—with the fabricated product lines of NLM's extrusion and manufacturing divisions.

Currently, NLM operates 33 extrusion lines. Consistent with our decision to reduce this number by one-third, we have begun implementing plans to close down extrusion lines at our Osaka Works and Nikkei Extrusions' Yamagata Works. In fiscal 1999, we booked an extraordinary loss of ¥2 billion to cover the costs of disposing of equipment when closing down the latter line in fiscal 2000. This closure will reduce production costs by eliminating excess capacity and improving plant utilization ratios.

3. Joint Venture with Sumitomo Light Metal in Landscape Engineering

With regional governments under financial strain, reduced public works spending has stifled the business performance of construction companies, and landscape engineering projects have become essential income generators. Given these severe business conditions, we have joined forces with a competitor—Sumitomo Light Metals—combining its urban engineering division with our landscape engineering division to form a joint venture. Such an arrangement offers efficiencies in overlapping areas, through staff reductions, streamlined distribution channels and shared managerial, planning and construction functions. Sumikei-Nikkei Engineering Co., Ltd., will begin operations in August 2000 with a staff of 280 and prospective annual net sales of ¥25 billion.

4. NLM Pulls Out of the Aluminum Memory Disk Business

NLM launched its memory disk business in 1984. Initially, this business enjoyed robust growth and won strong customer support thanks to superior technology, quality products and our ability to provide ample supplies.

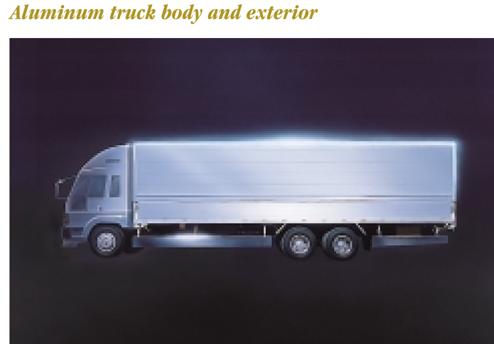
In the past year, the storage density of memory disks has increased, leading to greater storage capacity, and processing times have decreased. As storage capacity rises, PCs require fewer memory disks. Somewhat ironically, therefore, we are partly responsible for lower production volumes. Declining PC retail prices have further reduced the profitability of the memory disk business. To eliminate the structural deficits that this field now represents, NLM has decided to withdraw entirely from memory disks. Although this decision resulted in an extraordinary loss of ¥7 billion in fiscal 1999, withdrawing from this business should improve the Company's profitability by ¥5 billion in fiscal 2000.

5. Changes in the Structure of the NLM Group's Van/Truck Body Business

Nippon Fruehauf Co., Ltd., an NLM subsidiary, is one of the largest organizations in Japan that specializes in the manufacturing and sales of aluminum van and truck

NLM's Landscape Engineering Division manufactured the railings for Rainbow Bridge in Tokyo.

Aluminum truck body and exterior



bodies and trailers. Truck makers are reducing production, and business conditions remain severe despite staff cuts and structural reorganization. Through reorganization aimed at better efficiency given the current demand level, we will shed excess capacity by combining the production functions of Nippon Fruehauf and its Group companies.

In fiscal 1999, we merged into Nippon Fruehauf three affiliated companies. In fiscal 2000, we expect Nippon Fruehauf to generate profits and post capital gains from the sale of real estate.

6. Changes in the Group's Panel Business

NLM is creating a separate company out of its main plants and facilities involved in the production of interior and exterior insulated panel systems. Following its creation, NLM will merge into this company other Group operations centering on interior and exterior panels. We believe this new company will enable the NLM Group to boost sector earnings by expanding operations, while increasing the efficiency of sales, design and construction.

Stabilizing Earnings and Promoting Growth

We have adopted several means to draw on NLM's strengths and aggressively engage in investment activities. Through the revisions to our management structure described below, we plan to stabilize the earnings of individually competitive business areas.

1. Boosting Value-Added Materials Operations

One aspect of NLM's strategy to develop new businesses includes substantial investment of management resources in the development of high-value-added aluminum materials and finished products. Thanks to aluminum's light weight and recyclability, we expect demand to expand in the transportation sector for aluminum plates, extruded materials, shaped machine parts and tooling equipment. In addition to being recognized as strong and lightweight, the transportation sector is beginning to recognize aluminum for such characteristics as excellent processability and shock absorbency. We expect demand to grow even further as NLM applies its technological expertise to all aspects of aluminum—including alloy composition and processing—to meet this demand fully.

2. Bolstering the Aluminum Foil and Powder Businesses

Our operations in the aluminum foil and powder businesses are profitable and enjoy the leading share in the Japanese market. Although as a whole NLM is reducing capital expenditures, fiscal 2000 will see important new investments in this area domestically and internationally, as we strive to grow while preserving our competitive advantage.

3. User-Oriented Development

Our company's core competencies encompass a full range of technological and product developments in

Insulated panel products

Aluminum paste

Aluminum powder

NLM aluminum materials are employed in the lightweight frames of the new hybrid cars that Honda Motor Co., Ltd., launched in 1999. Photo provided by Honda Motor Co., Ltd.

the aluminum industry. Particularly successful are developments that we have undertaken jointly with our customers. NLM's customer relations are especially close in the automotive, railcar, electric vehicle, electronics, and building and construction fields. In these areas, we maintain our lead over competitors by offering customers functional materials that precisely meet their needs. By maintaining this development focus, the NLM Group will continue to capitalize on opportunities for growth.

A Stronger Management System

To achieve the strategic decisiveness necessary for successful restructuring, resulting in stable profits and business growth, we separated the Company's management and executive functions in June 1999. We restructured the Board of Directors, trimming membership from 31 to 10 to speed decision making. At the same time, we created an executive committee to implement the Board's decisions, with the aim of clarifying lines of authority and responsibility.

The New NLM

Our restructuring plans will be fully in place by the end of fiscal 2002. We expect increased stability in earnings and involvement in new areas of business to yield tangible results.

1. Consolidated Ordinary Income of ¥15 Billion

Restructuring, downsizing, integrating and terminating unprofitable business units will rid us of profit drains. Evincing our improved profitability, we anticipate consolidated ordinary income of ¥15 billion.

2. Return on Capital Employed (ROCE) of 5%

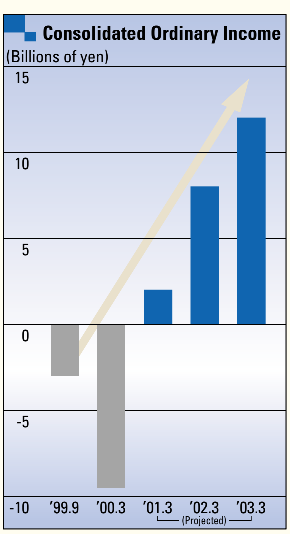
ROCE is an index of management efficiency. We will measure the efficiency of each business division by examining the capital it uses, compared with ordinary income prior to interest receipts. ROCE will thus become a benchmark for business decisions.

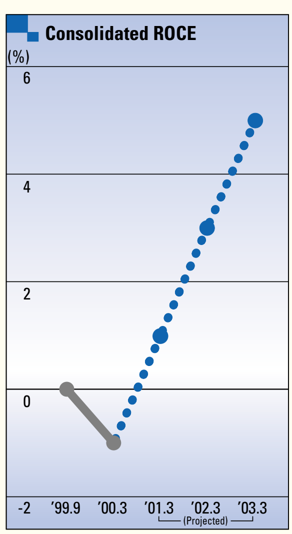
3. Slashing Interest-Bearing Liabilities by ¥30 Billion

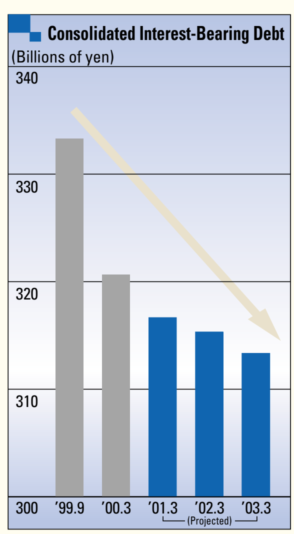
At the end of the first half of fiscal 1999, interest-bearing liabilities totaled ¥330 billion, causing interest payments to rise to ¥7 billion–¥8 billion. A stronger financial standing will alleviate the pressure of this expense on profits. To allow this ¥30 billion reduction, we will increase shareholders' equity, create a more efficient management structure and free up capital through the sale of excess assets.

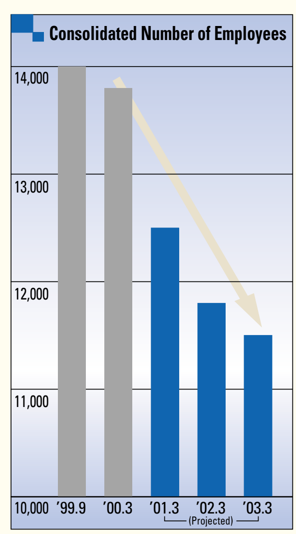
4. A Leaner Workforce

We plan to adjust our workforce downward by 2,500 people, from a staff of 14,000 at the end of the first half of fiscal 1999 to 11,500. We will achieve this reduction primarily through attrition and hiring limitations.









Aluminum Ingot and Chemicals

In the chemicals category, the demand recovery centered on copper, pulp and paper, and electronics materials, pushing shipments above the preceding year's levels. However, deflationary pricing caused sales in this category to drop 2.3% to ¥27.6 billion. Production of mainstay products in this category—alumina and aluminum hydroxide—rose 2.3% to 349,136 tons.

In the aluminum ingot sector, high shipment levels continued, owing to increased shipments to Southeast Asia. Demand also recovered from the automobile industry—this sector's main demand source. However, the sector as a whole was affected by ongoing yen appreciation and a depressed domestic market, which caused sales of ingots to drop 1.6% to ¥59.1 billion. Production volumes, on the other hand, remained roughly on par with the preceding term, at 95,779 tons.

Consolidated sales in this division were down 1.9% to ¥86.6 billion. Owing to lower fixed costs, operating profit surged 38.4% to ¥7.5 billion.

Aluminum Sheet and Extrusions

Owing to yen appreciation, the aluminum sheet category experienced reduced exports and lower purchase volumes. Furthermore, selling prices fell as a result of lower ingot prices. Offsetting these factors, shipments of aluminum foil and printing plates increased, pushing up sales 3.2% to ¥29.1 billion and expanding production 8.0% to 98,266 tons.

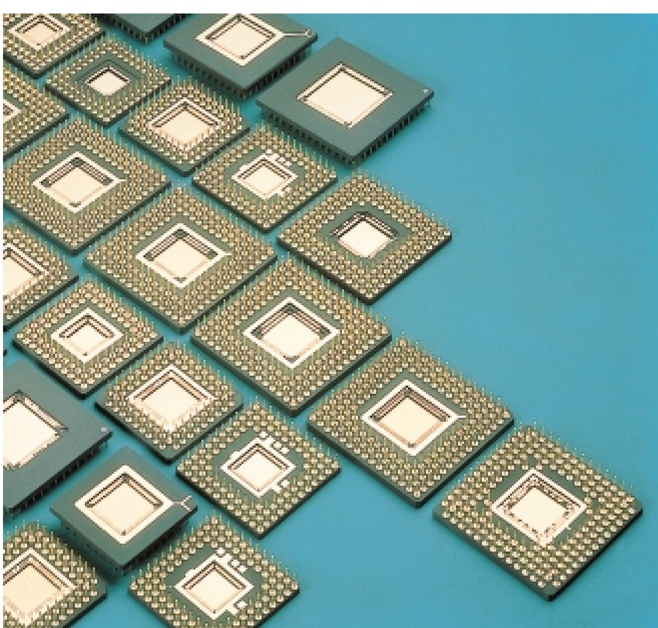
In aluminum extrusions, shipments of rail and pipe stock were firm, but demand from the mainstay construction and trucking industries was lackluster. At the same time, reduced prices on ingots pushed down sales prices, prompting a 9.7% decrease in sales to ¥26.9 billion. Production likewise declined 5.8% to 60,927 tons.

Divisional sales dropped 3.4% to ¥56.0 billion. However, higher production of aluminum sheet helped absorb fixed costs, causing divisional operating income to improve ¥727 million to ¥645 million.

Fabricated Products and Others

NLM's products in this segment include electronics materials, such as the aluminum substrates that are used in computer disk drives and the anodized aluminum foil

Alumina is used in various ceramic products.



Aluminum extrusions are used for the exteriors of 700-Series Nozomi Shinkansen cars.

for electrolytic capacitors. Thanks to the booming IT sector, demand increased for such materials as high-value-added anodized aluminum foil for electrolytic capacitors. However, this failed to offset slack demand for the aluminum substrates used in memory disks. Consequently, consolidated sales of electronics materials plunged 30.1% to ¥23.1 billion.

Increased demand for anodized aluminum foil for electrolytic capacitors provided encouragement for aluminum foil, powder and paste. This expansion, along with strong shipments of paste used in automobile interiors, pushed up sales in this category to ¥72.1 billion, a 3.3% rise.

The export market—the mainstay of the truck body sector—remained sluggish, dragging down sales of these products 11.2% to ¥37.6 billion.

In environmental products, fierce competition in freezer and refrigerator panels forced down prices and order volumes. Consequently, sales of these products fell 2.0% to ¥89.1 billion. Overall, the division posted consolidated sales of ¥221.8 billion, down 6.0%. The divisional operating loss amounted to ¥216 million, down ¥1.5 billion.

Building Materials

Private-sector construction activity remained lackluster, with construction of office buildings essentially suspended, affecting demand for materials used in the construction of buildings and shops. (In this regard, Shin Nikkei posted consolidated net sales of ¥68.0 billion.) Government-sponsored efforts to push down interest rates and encourage residential housing loans encouraged year-on-year rises in housing starts—for freestanding houses and condominiums. Nevertheless, construction remained depressed overall.

To meet the emerging demand for environmentally conscious, energy-saving products, the Company concentrated on developing soundproofing and insulating materials, aiming to bolster competitiveness by revising its product lineup. These activities failed to offset lower unit sales prices, however, and divisional sales slipped 1.1% to ¥184.7 billion. Profitability improved nonetheless; the division's operating loss decreased ¥5.1 billion to ¥1.8 billion. On a consolidated basis (including Shin Nikkei), the value of production amounted to ¥69.1 billion.

NLM produces anodized aluminum foil for electrolytic capacitors.

Aluminum structural materials

Overview

In fiscal 1999, the Japanese economic environment benefited from the ripple effects of government economic stimulus measures. However, private-sector capital investment remained tight, and personal consumption was sluggish. Consequently, the overall business environment remained austere.

Spurring demand for aluminum, residential housing starts increased for the first time in three years, and the automobile and machinery industries rallied. Offsetting these factors, competition in terms of price and quality rose a notch. This situation was most evident in relation to electronics component, most notably with computer hard disk drives. Some manufacturers of computer hard drives were forced to downsize or abandon operations, owing to the intense pricing pressure that accompanied advances in memory capacities.

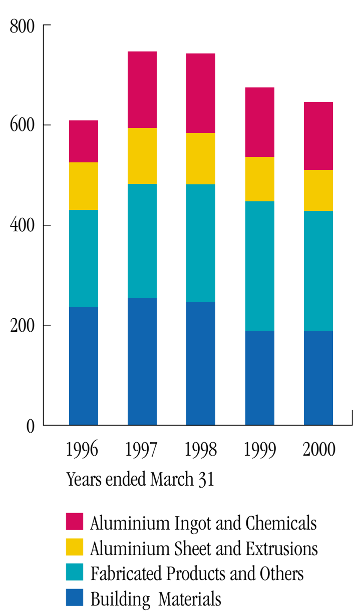
Earnings and Expenses

Under these economic conditions, we achieved consolidated net sales of ¥549.2 billion ($5,173.8 million), down 3.5% from the previous fiscal period. Cost of sales decreased 3.9%, to ¥448.3 billion ($4,222.8 million), falling faster than net sales. As a result, the cost of sales ratio improved 0.3 percentage point, to 81.6%. By curtailing labor and other costs, selling, general and administrative expenses declined 7.5%, to ¥98.8 billion ($930.7 million).

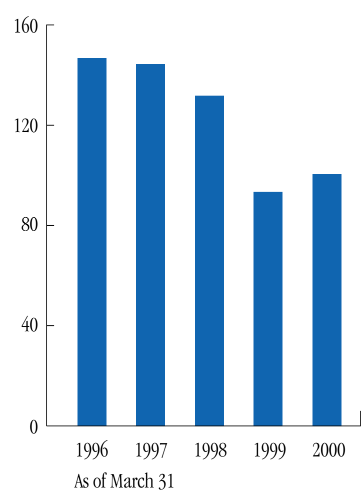
As a result, NLM achieved operating profit of ¥2.2 billion—moving into the black for the first time in three years. However, the Company posted higher non-operating expenses, owing to increased financing costs and negative equity in earnings of affiliated companies of ¥1.6 billion ($14.7 million).

During the term, special gains amounted to ¥2.8 billion ($25.9 million), comprising a gain on the sale of fixed assets of ¥2.2 billion ($20.5 million) and a gain on the sale of investment securities of ¥0.6 billion ($5.4 million). As special losses, the Company posted a loss on disposal of fixed assets of ¥10.2 billion ($96.1 million), owing to our withdrawal from the production of aluminum substrates for memory disks, and

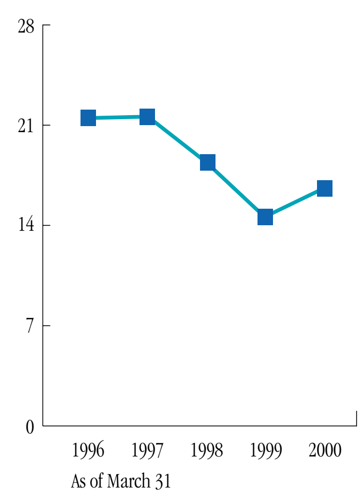
Net Sales By Segment (Billions of yen)



Total Shareholders' Equity (Billions of yen)



Equity Ratio (%)



the loss on the devaluation of investment securities nearly tripled, to ¥0.6 billion ($5.9 million). These special losses evinced the Company's efforts to reduce costs over the long term by withdrawing from unprofitable areas of business.

Consequently, the Company posted a net loss of ¥14.1 billion ($132.8 million), representing a ¥5.2 billion improvement from the preceding term, and net loss per share of common stock of ¥31.01 ($0.29). Despite this situation, the Company maintained cash dividends of ¥2.00 ($0.02) per share, under expectations of future improvements in operating performance.

Assets, Liabilities and Shareholders' Equity

Total assets declined 5.6%, to ¥605.3 billion ($5,702.7 million). This decline points to the Company's successful efforts to reduce funding requirements by paying back interest-bearing debt, decreasing inventories and curtailing capital investment. The decrease in property, plant and equipment was responsible for drawing down fixed assets.

In line with the aim to decrease interest-bearing debt, total liabilities decreased 5.3%, to ¥485.8 billion ($4,576.8 million). The minority interest in consolidated subsidiaries fell 44.6%, owing to the merger with Total. Shareholders' equity expanded 7.5%, to ¥100.5 billion ($946.9 million), owing primarily to the elimination of common stock owned by a consolidated subsidiary. This line item pertains to the stock in NLM held by Toyal, a consolidated subsidiary in which NLM held a stake of approximately 50% prior to the merger.

The shareholders' equity ratio expanded 2.0 percentage points, to 16.6%. Shares outstanding at the end of the term (excluding treasury stock and shares held by subsidiaries in the parent) numbered 506,457,651, up from 402,630,508 at the end of fiscal 1998. As a result, shareholders' equity per share of common stock amounted to ¥198.45 ($1.87), down ¥33.73 from the preceding year-end.

Cash Flows

NLM aims to retain sufficient funds to support operations while maintaining adequate liquidity and a healthy balance sheet. To this end, the Company set the objective of reducing interest-bearing debt ¥30 billion on a Groupwide basis during fiscal 1999.

Cash and cash equivalents at the end of the year totaled ¥41.9 billion ($$394.8 million), down ¥12.8 billion from the end of the preceding term. This figure includes ¥0.2 billion ($2.1 million) from the cash and cash equivalents of newly consolidated subsidiaries.

Net cash used by operating activities totaled ¥22.2 billion ($209.4 million), compared with ¥25.7 billion used by these activities in fiscal 1998, pointing to ongoing financial improvements. Notably, loss before income taxes and minority interest required ¥18.6 billion ($174.9 million), improving from ¥23.7 billion in fiscal 1998. Depreciation and amortization required ¥23.0 billion ($217.1 million), compared with ¥25.8 billion in the preceding term, owing to ongoing restructuring activities. Also for this reason, the loss on disposal of fixed assets used ¥10.8 billion ($101.4 million) in fiscal 1999, up from ¥0.9 billion.

Net cash used for investing activities amounted to ¥7.6 billion ($71.9 million), down substantially from the ¥24.1 billion used for these activities in fiscal 1999. This change was chiefly a result of a decrease in cash used for the payment of fixed assets. In fiscal 1999, this item required only ¥12.8 billion ($120.6 million), down from ¥27.1 billion in fiscal 1998.

During the year, net cash used for financing activities was ¥27.6 billion ($259.6 million), up substantially from the ¥12.0 billion used for these activities in fiscal 1999. Owing to the reduction of ¥29.2 billion ($274.7 million) in interest-bearing debt, the decrease in short-term borrowings required ¥26.9 billion ($253.9 million), down from ¥3.2 billion, in keeping with the Company's aim of improving ROCE. Also, Toyal's payment for the purchase of common stock, an ¥18.1 billion item in fiscal 1998, was absent in fiscal 1999.

Consolidated Balance Sheets

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
As of March 31, 1999 and 2000

ASSETS	Millions of yen 1999	Millions of yen 2000	Thousands of U.S. dollars (Note 2) 2000
Current assets:			
Cash and deposits (Notes 3 and 6)	¥ 53,947	¥ 41,215	$ 388,271
Marketable securities (Notes 3, 4 and 6)	6,919	7,547	71,098
Notes and accounts receivable - trade (Notes 6 and 12)	188,420	188,992	1,780,424
Inventories (Note 5)	73,288	69,952	658,992
Deferred icnome taxes (Note 7)	—	5,171	48,714
Other current assets	15,425	10,254	96,599
Allowance for doubtful accounts	(2,292)	(2,539)	(23,919)
Total current assets	335,707	320,592	3,020,179
Fixed assets:			
Property, plant and equipment (Notes 6 and 10):			
Buildings and structures	139,377	137,605	1,296,326
Machinery and equipment	326,806	301,802	2,843,165
Land	64,068	62,618	589,901
Construction in progress	3,033	2,924	27,546
Accumulated depreciation	(301,325)	(296,188)	(2,790,278)
	231,959	208,761	1,966,660
Intangible fixed assets	3,322	4,255	40,085
Investments and other assets:			
Investment securities (Notes 4 and 6)	52,460	44,700	421,102
Long-term loans receivable	3,854	3,177	29,929
Deferred income taxes (Note 7)	—	8,232	77,551
Other assets	17,830	15,839	149,213
Allowance for doubtful accounts	(7,126)	(7,127)	(67,141)
	67,018	64,821	610,654
	302,299	277,837	2,617,399
Foreign Currency translation adjustment	2,983	6,917	65,163
	¥640,989	¥605,346	$5,702,741

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 1999	Millions of yen 2000	Thousands of U.S. dollars (Note 2) 2000
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 6)	¥165,827	¥131,910	$1,242,675
Notes and accounts payable-trade	109,562	113,010	1,064,625
Other current liabilities	43,174	38,000	357,984
Total current liabilities	318,563	282,920	2,665,284
Long-term liabilities:			
Long-term debt (Note 6)	169,618	178,981	1,686,114
Accrued severance indemnities	17,794	17,171	161,762
Other long-term liabilities (Note 7)	7,204	6,751	63,599
	194,616	202,903	1,911,475
Minority interest in consolidated subsidiaries	34,329	19,014	179,124
Shareholders' equity:			
Common stock, ¥50 par value;			
Authorized: 1,600,000,000 shares			
Issued: 1999—536,823,002 shares	48,039	—	—
2000—510,825,514 shares	—	37,458	352,878
Additional paid-in capital	29,382	30,837	290,504
Revaluation surplus (Note 8)	—	493	4,644
Retained earnings (Note 9)	34,176	32,123	302,619
Less—common stock in treasury, at cost	(0)	(402)	(3,787)
—common stock owned by a consolidated subsidiary, at cost	(18,116)	—	—
	93,481	100,509	946,858
Contingent liabilities (Note 12)			
	¥640,989	¥605,346	$5,702,741

Consolidated Statements of Operations

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 1999 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 2)
	1999	2000	2000
Net sales	¥569,036	¥549,194	$5,173,754
Cost of sales	466,369	448,255	4,222,845
Gross profit	102,667	100,939	950,909
Selling, general and administrative expenses	106,820	98,789	930,655
Operating profit (loss)	(4,153)	2,150	20,254
Non-operating income:			
Interest income	397	146	1,375
Gain on sale of marketable securities	642	—	—
Other	3,613	3,316	31,239
Total non-operating income	4,652	3,462	32,614
Non-operating expenses:			
Interest expense	8,392	7,242	68,224
Equity in loss of affiliated companies	660	1,559	14,687
Other	4,893	6,310	59,444
Total non-operating expenses	13,945	15,111	142,355
Ordinary loss	13,446	9,499	89,487
Special gains:			
Gian on sale of fixed assets	—	2,172	20,462
Gain on sale of common stock owned by a consolidated subsidiary	—	578	5,445
Total special gains	—	2,750	25,907
Special losses:			
Loss on disposal of fixed assets	—	10,202	96,109
Loss on devaluation of investment securities	235	627	5,907
Pension premiums for prior service cost, net of reversal of related allowance for severance indemnities	549	518	4,880
Suspension expenses	417	470	4,427
Additional retirement allowance to early retirement program	8,365	—	—
Loss on devaluation of marketable securities	659	—	—
Total special losses	10,225	11,817	111,323
Loss before income taxes and minority interest	23,671	18,566	174,903
Income taxes (Note 7)—current	1,834	1,811	17,061
—deferred	—	(4,448)	(41,903)
	1,834	(2,637)	(24,842)
Minority interest	(6,257)	(1,833)	(17,268)
Net loss	¥ 19,248	¥ 14,096	$ 132,793

Per share of common stock:	Yen		U.S. dollars (Note 2)
Net loss	¥40.98	¥31.01	$0.29
Cash dividends	¥ 2.00	¥ 2.00	$0.02

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, 1999 and 2000

	Number of shares issued	Millions of yen: Common stock	Additional paid-in capital	Legal reserve	Revaluation surplus	Retained earnings	Common stock in treasury	Common stock owned by a consolidated subsidiary
Balance at March 31, 1998	536,823,002	¥ 48,039	¥ 29,382	¥ 2,860	¥ —	¥ 51,556	¥ (1)	¥ —
Transfer from legal reserve to retained earnings (Note 9)				(2,860)		2,860		
Net loss						(19,248)		
Cash dividends						(1,074)		
Directors' and statutory auditors' bonuses						(24)		
Inclusion in consolidation of unconsolidated subsidiaries						106		
Net decrease in common stock in treasury							1	
Purchase of common stock								(18,116)
Balance at March 31, 1999	536,823,002	48,039	29,382	—	—	34,176	(0)	(18,116)
Cumulative effect of changes in accounting for income taxes						**6,068**		
Net loss						**(14,096)**		
Cash dividends						**(940)**		
Directors' and statutory auditors' bonuses						**(9)**		
Merger with a consolidated subsidiary	**83,192,994**	**4,159**	**1,237**			**7,534**	**(15,370)**	**15,370**
Redemption of common stock in treasury taken over at merger	**(109,190,482)**	**(14,740)**	**218**				**14,522**	
Inclusion in consolidation of unconsolidated subsidiaries						**37**		
Affiliated company newly accounted for by the equity method						**(647)**		
Equity on revaluation gain for land of an affiliated company					**493**			
Net decrease in common stock in treasury							**446**	**2,746**
Balance at March 31, 2000	**510,825,514**	**¥37,458**	**¥30,837**	**¥ —**	**¥493**	**¥ 32,123**	**¥ (402)**	**¥ —**

	Number of shares issued	Thousands of U.S. dollars (Note 2): Common stock	Additional paid-in capital	Legal reserve	Revaluation surplus	Retained earnings	Common stock in treasury	Common stock owned by a consolidated subsidiary
Balance at March 31, 1999	536,823,002	$ 452,558	$ 276,797	$—	$ —	$ 321,959	$ (2)	$ (170,664)
Cumulative effect of changes in accounting for income taxes						**57,164**		
Net loss						**(132,793)**		
Cash dividends						**(8,855)**		
Directors' and statutory auditors' bonuses						**(85)**		
Merger with a consolidated subsidiary	**83,192,994**	**39,180**	**11,653**			**70,975**	**(144,795)**	**144,795**
Redemption of common stock in treasury taken over at merger	**(109,190,482)**	**(138,860)**	**2,054**				**136,806**	
Inclusion in consolidation of unconsolidated subsidiaries						**349**		
Affiliated company newly accounted for by the equity method						**(6,095)**		
Equity on revaluation gain for land of an affiliated company					**4,644**			
Net decrease in common stock in treasury							**4,204**	**25,869**
Balance at March 31, 2000	**510,825,514**	**$352,878**	**$290,504**	**$—**	**$4,644**	**$302,619**	**$ (3,787)**	**$ —**

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, 1999 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 2)
	1999	2000	2000
Cash flows from operating activities:			
Loss before income taxes and minority interest	¥(23,671)	¥(18,566)	$(174,903)
Depreciation and amortization	25,751	23,047	217,117
Loss on disposal of fixed assets	982	10,765	101,413
Gain on sales of fixed assets	(67)	(2,367)	(22,299)
Gain on sales of common stock owned by a consolidated subsidiary	—	(578)	(5,445)
Loss on devaluation of investment securities	235	627	5,907
Interest and dividend income	(650)	(488)	(4,597)
Interest expense	8,392	7,242	68,224
Equity in loss of affiliated companies	660	1,559	14,687
(Increase) decrease in notes and accounts receivable - trade	40,526	(1,360)	(12,812)
Decrease in inventories	11,255	3,207	30,212
Increase (decrease) in notes and accounts payable - trade	(20,414)	3,162	29,788
Other	(9,195)	3,356	31,615
Sub total	33,804	29,606	278,907
Interest and dividend income received	1,368	815	7,678
Interest expense paid	(8,462)	(7,178)	(67,621)
Income taxes paid	(1,036)	(1,010)	(9,515)
Net cash provided by operating activities	25,674	22,233	209,449
Cash flows from investing activities:			
Decrease in time deposits	72	109	1,027
Payment for purchase of marketable securities	(446)	(1,948)	(18,351)
Proceeds from sales of marketable securities	2,546	1,419	13,368
Payment for purchase of fixed assets	(27,062)	(12,803)	(120,612)
Proceeds from sales of fixed assets	1,215	5,391	50,786
(Increase) decrease in long-term loans receivable	121	(305)	(2,873)
Other	774	508	4,785
Net cash used for investing activities	(22,780)	(7,629)	(71,870)
Cash flows from financing activities:			
Decrease in short-term borrowings	(3,193)	(26,949)	(253,877)
Decrease in commercial paper	(6,000)	(5,000)	(47,103)
Proceed from long-term debt	43,634	36,202	341,045
Repayments of long-term debt	(27,008)	(33,417)	(314,809)
Proceed from sales of common stock in tresury	1	306	2,883
Payment for purchase of common stock	(18,116)	—	—
Proceed from sales of common stock owned by a consolidated subsidiary	—	3,093	29,138
Cash dividends paid by the Company	(1,074)	(804)	(7,574)
Cash dividends paid to minority interest	(240)	(701)	(6,604)
Other	—	(290)	(2,732)
Net cash used for financing activities	(11,996)	(27,560)	(259,633)
Effect of exchange rate changes on cash and cash equivalents	42	(93)	(876)
Net decrease in cash and cash equivalents	(9,060)	(13,049)	(122,930)
Cash and cash equivalents at beginning of year	63,622	54,736	515,648
Cash and cash equivalents of newly consolidated subsidiaries	174	225	2,119
Cash and cash equivalents at end of year (Note 3)	¥ 54,736	¥ 41,912	$ 394,837

The accompanying notes are an integral part of these statements.

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 generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Accounting Standards. The notes to the consolidated financial statements include financial information which is not required under accounting principles 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 presented herein as additional information. The accompanying consolidated financial statements include certain reclassifications and modifications in order to present them in a form which is more familiar to readers outside Japan.

In March 1998, the Business Accounting Deliberation Council issued the statement of "Standards for Preparation of Consolidated Statements of Cash Flows" which requires a consolidated statement of cash flows to be prepared for periods beginning on or after April 1, 1999. This new standard specifies a format and the scope of cash and cash equivalents which differ from those practically used in earlier years, accordingly the comparative period's consolidated statement of cash flows has been restated to conform with this new standard.

(b) Consolidation and investments in affiliated companies

The consolidated financial statements include the accounts of the Company and, with minor exceptions, companies substantially controlled by the Company. From the fiscal year ended March 31, 2000, in addition to majority-owned subsidiaries, 40% to 50% owned company that is substantially controlled by the Company was consolidated in accordance with the new accounting standard in Japan. All significant intercompany transactions and accounts have been eliminated.

The investments in significant companies where the Company has significant influence over management are stated at cost plus the Company's equity in undistributed earnings. From the fiscal year ended March 31, 2000, in addition to 20% to 50% owned affiliates, 15% to 20% owned company where the Company has significant influence over management was accounted for by the equity method in accordance with the new accounting standard in Japan.

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

(c) Translation of foreign currencies

Foreign currency amounts are translated into Japanese yen at appropriate year-end rates for current monetary assets and liabilities and at historical rates for long-term assets and liabilities and non-monetary current assets and liabilities. Resulting exchange gains or losses are credited or charged to income as incurred. Long-term receivables and payables in foreign currency hedged by forward exchange contracts are translated into Japanese yen at the contracted rates of exchange. Gains or losses resulting from forward exchange contracts are deferred and amortized over the contract periods.

In preparing the consolidated financial statements, all assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at appropriate current year-end rates and all income and expenses are translated at rates that approximate those rates prevailing at the time of transaction. The cumulative translation differences are charged or credited to the foreign currency translation adjustment account in the accompanying consolidated balance sheets.

(d) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of 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 fluctuations in value.

(e) Inventories

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

(f) Marketable securities and investment securities

Marketable equity securities are stated principally at the lower of cost or market value, determined by the moving average method.

Marketable securities other than marketable equity securities and investment securities are stated at cost, except for those which have been written down as a result of the permanent impairment of their underlying value.

Effective April 1, 1999, the Company and some consolidated subsidiaries changed their method of accounting for evaluation of marketable equity securities from the cost method to the lower of cost or market value method, in order to more appropriately reflect their financial position and to unify accounting policy applied by the Companies. The effect of this change for the year ended March 31, 2000 was to increase ordinary loss by approximately ¥734 million ($6,915 thousand) and to increase loss before income taxes and minority interest by approximately ¥1,025 million ($9,656 thousand).

(g) Allowance for doubtful accounts
The allowance for doubtful accounts is estimated at the maximum tax deductible limit as specified by Japanese tax laws (an average percentage of actual bad debt in the past is principally applied to the balance of receivables) and an additional amount deemed necessary to cover possible losses estimated on an individual account basis.

(h) Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost. Depreciation is computed principally by the straight-line method at rates based on the estimated useful lives of respective assets.

(i) Accrued severance indemnities and pension plan
Employees whose services with the Company and consolidated subsidiaries in Japan are terminated are usually entitled to receive lump-sum severance indemnities and/or pension payments based on the defined benefit formula considering current rates of pay and length of service.

The benefits for the severance indemnities are reserved for or funded through accruals for employees' severance indemnities or tax-qualified pension plans. In accordance with prevailing accounting practices in Japan, provisions were made mainly at 40% of the liability which would be required if all qualified employees were to leave the companies voluntarily at the balance sheet date, excluding a portion covered by tax-qualified pension plans. Premiums for tax-qualified pension plans are charged to income at payment.

As a result of establishment of a tax-qualified pension plan which fully covers severance indemnities, excess accrued severance indemnities at the transition date as defined under accounting principles generally accepted in Japan are being reversed over the period of amortization of prior service cost. Pension premiums related to amortization of prior service cost, net of reversal of excess accrued severance indemnities, are presented separately in the accompanying consolidated statements of operations.

(j) Lease transactions
Under Japanese accounting practices, financing leases are capitalized in principle. However, financing leases without options to transfer ownership of leased assets to lessees 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.

(k) Income Taxes
Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

In the year ended March 31, 2000, the Company and its subsidiaries adopted the deferred tax accounting method in accordance with the new Accounting Standard for Preparation of Consolidated Financial Statements and the new Accounting Standard for Income Taxes which was issued by the Business Accounting Deliberation Council. Under the new standard, income taxes were determined using the asset and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements. The cumulative effect of adopting deferred tax accounting at April 1, 1999 was charged to retained earnings.

In the year ended March 31, 1999, income taxes of the Company and its subsidiaries were provided for at an amount currently payable based on the tax returns filed with tax authorities. Also some of consolidated subsidiaries accounted for income taxes on the basis of interperiod allocation whereby tax effects on timing differences between tax and financial reporting were recognized.

The effects of above change were to increase deferred tax assets by ¥12,567 million ($118,389 thousand) (current:¥4,609 million($43,420 thousand), non-current:¥7,958 million($74,969 thousand)) and to increase deferred tax liabilities by ¥9 million($85 thousand) (non-current: ¥9 million($85 thousand)) on the balance sheet as of March 31, 2000, to decrease net loss for the year ended March 31, 2000 by ¥4,683 million($44,117 thousand) and to increase retained earnings by ¥10,751 million($101,281 thousand), respectively.

(l) Research and development expenses and computer software
Research and development expenses are charged to income as incurred.

Expenditure relating to computer software developed for internal use is charged to income as incurred, except if it contributes to the generation of income or to future cost savings, which is capitalized and amortized using the straight-line method over its estimated useful life within 5 years.

Until March 31, 1999, expenditure relating to computer software developed for internal use developed by consolidated subsidiaries was charged to income as incurred. From the year beginning on April 1, 1999, such expenditure which contributes to generation of income or to future cost savings is capitalized as intangible fixed assets in accordance with the new Accounting Standard for Research and Development Cost, etc. which was issued by the Business Accounting Deliberation Council. The effect of this change for the year ended March 31, 2000 was to decrease ordinary loss and loss before income taxes and minority interest by ¥475 million ($4,475 thousand), respectively.

(m) Appropriation of retained earnings
The Japanese Commercial Code provides that appropriations of retained earnings require approval of the shareholders at an ordinary general meeting. The appropriations of retained earnings are, therefore, not reflected in the consolidated financial statements for the period to which they relate but are recorded in the consolidated financial statements in the subsequent accounting period after shareholders' approval has been obtained.

(n) Net loss and dividends per share
Net loss per share of common stock shown in the accompanying consolidated statements of operations is computed based on the weighted average number of shares outstanding during each year.

Cash dividends per share shown in the accompanying consolidated statements of operations represent dividends declared and paid as applicable to the respective fiscal year.

(o) Reclassifications
Certain reclassifications of previously reported amounts have been made to conform with current classifications.

2. U.S. DOLLAR AMOUNTS
The U.S. dollar amounts are included solely for convenience. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted translation procedures. The rate of ¥106.15 = U.S.$1, the approximate current rate prevailing on March 31, 2000, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

3. CASH AND CASH EQUIVALENTS
Reconciliation of cash and cash equivalents to the accounts disclosed on balance sheets at March 31, 1999 and 2000 is as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 1999	**March 31, 2000**	**March 31, 2000**
Cash and deposit	¥53,947	**¥41,215**	**$388,271**
Time deposits with maturity in excess of 3 months	(1,211)	**(1,103)**	**(10,391)**
Commercial paper issued by other company included in marketable securities	2,000	**1,800**	**16,957**
Cash and cash equivalents	¥54,736	**¥41,912**	**$394,837**

4. MARKETABLE SECURITIES AND INVESTMENT SECURITIES
The carrying amounts and market value of marketable securities included in marketable securities and investment securities at March 31, 2000 are as follows:

	Millions of yen	Thousands of U.S. dollars
Marketable securities		
Carrying amounts	¥5,435	$51,201
Market value	6,765	63,731
Unrealized gain	¥1,330	$12,530
Investment securities		
Carrying amounts	¥4,219	$39,746
Market value	6,023	56,740
Unrealized gain	¥1,804	$16,994

The above table includes the amounts relating to three affiliated companies accounted for by the equity method, the shares of which have quoted market values. The cost of marketable securities other than marketable equity securities approximates market value.

The disclosure of the carrying amount and market value of marketable securities is required under the new Accounting Standard for Preparation of Consolidated Financial Statements from the fiscal year beginning from April 1,1999. Accordingly, those information as of March 31, 1999 are not required.

5. INVENTORIES

Inventories at March 31, 1999 and 2000 comprised the following;

	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
Finished products	¥32,053	**¥28,537**	**$268,837**
Work in process, including costs related to construction-type-contracts	28,511	**28,648**	**269,882**
Raw materials and supplies	12,724	**12,767**	**120,273**
	¥73,288	**¥69,952**	**$658,992**

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2000 bore interest at annual rates ranging from 0.625% to 7.520% and were represented generally by bank overdrafts or short-term notes maturing at various dates within one year.

Long-term debt at March 31, 2000 comprised the following;

	Millions of yen	Thousands of U.S. dollars
Loans, principally from banks and insurance companies due from 2000 to 2013 with interest rates ranging from 0.930% to 8.020%:		
Secured	¥ 52,909	$ 498,437
Unsecured	43,711	411,785
Unsecured 2.90% Bonds due November 7, 2002, redeemable before due date (A)	10,000	94,206
Unsecured 2.45% Bonds due December 5, 2001, redeemable before due date	10,000	94,206
Unsecured 2.75% Bonds due December 5, 2002, redeemable before due date (B)	10,000	94,206
Unsecured 2.45% Bonds due January 10, 2002, redeemable before due date	10,000	94,206
Unsecured 2.65% Bonds due February 10, 2004, redeemable before due date	10,000	94,206
Unsecured 2.40% Bonds due February 10, 2003, redeemable before due date	10,000	94,206
Unsecured 2.45% Bonds due July 25, 2003, redeemable before due date	10,000	94,206
Unsecured 2.675% Bonds due August 20, 2004, redeemable before due date	10,000	94,206
Unsecured 2.175% Bonds due September 11, 2002, redeemable before due date	10,000	94,206
Unsecured 2.00% Bonds due December 25, 2000, redeemable before due date	5,000	47,104
Unsecured 2.00% Bonds due June 22, 2001, redeemable before due date	5,000	47,104
Unsecured 2.40% Bonds due July 19, 2002, redeemable before due date	7,000	65,945
	203,620	1,918,229
Less-portion due within one year	(24,639)	(232,115)
Total long-term debt	¥178,981	$1,686,114

(A) The 2.90% Bonds were issued at the price of 100.00% of the principal amount, with interest thereon swapped at the rate of six-month yen LIBOR until September 1998, and after that, such interest rates were swapped at the fixed rate.

(B) The 2.75% Bonds of ¥10,000 million ($94,206 thousand) were issued at the price of 99.90% of the principal amount and interest on ¥1,000 million ($9,421 thousand) out of ¥10,000 million ($94,206 thousand) was swapped at the rate of six-month yen LIBOR until September 1998, and after that, such interest rates were swapped at the fixed rate.

The differences between the issued price and the principal amount are credited or charged to income at issuance.

A summary of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2000 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits	¥ 50	$ 471
Marketable securities	137	1,291
Notes and accounts receivable-trade	752	7,084
Property, plant and equipment	126,172	1,188,620
Investment securities	57	537

The aggregate annual maturities of long-term debt after March 31, 2000 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2001	¥ 24,639	$ 232,115
2002	45,537	428,987
2003	69,216	652,059
2004	33,294	313,650
2005 and thereafter	30,934	291,418
	¥203,620	$1,918,229

7. INCOME TAXES

The Company and its domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, indicate a statutory effective tax rate of approximately 47% for the year ended March 31, 1999, and 42% for the year ended March 31, 2000.

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

Significant components of deferred tax assets and liabilities at March 31, 2000, are as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Tax loss carry forwards	¥22,859	$215,346
Loss on disposal of fixed assets	3,200	30,146
Accrued severance indemnities	3,038	28,620
Allowance for doubtful accounts	1,971	18,568
Others	5,297	49,901
Total gross deferred tax assets	36,365	342,581
Valuation allowance	(21,046)	(198,267)
Total deferred tax assets, net of valuation allowance	15,319	144,314
Deferred tax liabilities:		
Depreciation	(1,519)	(14,310)
Others	(406)	(3,824)
Total gross deferred tax liabilities	(1,925)	(18,134)
Net deferred tax assets	¥13,394	$126,180

The above disclosure has been required under the new accounting standard from the fiscal year beginning after April 1,1999. Accordingly, the component of deferred tax assets and liabilities as of March 31, 1999 are not available.

Due to net loss for the year ended March 31, 2000, the break down of the difference between the statutory tax rate and the effective income tax rate was not presented.

8. REVALUATION SURPLUS

On March 31, 2000, as permitted by the Land Revaluation Law, an equity affiliate of the Company revalued its land used in business. Resulting from this revaluation, the Company recognized as its share of the Revaluation surplus the equity portion of the affiliate's revaluation surplus net of related taxes.

9. APPROPRIATIONS OF RETAINED EARNINGS

The following appropriations were approved at the ordinary general meeting of shareholders of the Company held on June 29, 2000.

	Millions of yen	Thousands of U.S. dollars
Appropriations for:		
Cash dividends	¥1,012	$ 9,534
Legal reserve	102	961
	¥1,114	$10,495

The Japanese Commercial Code requires that an amount equal to at least 10% of cash dividends and bonuses to directors and statutory auditors paid in cash be appropriated from retained earnings as a legal reserve. No further appropriation is required when the legal reserve equals 25% of stated capital. The legal reserve is not available for dividends but may be used to reduce a deficit with shareholder approval or capitalized by resolution of the Board of Directors. From the fiscal year ended March 31, 1999, the legal reserve is included in retained earnings as a result of the new Accounting Standard for Preparation of Consolidated Financial Statements.

10. LEASE TRANSACTIONS

The Companies charge or credit periodic lease payments and receipts for financing leases without options to transfer ownership of leased assets to lessees. Such periodic lease payments and receipts under financing lease contracts totaled ¥1,906 million and ¥2,148 million ($20,236 thousand), ¥209 million and ¥183 million ($1,724 thousand), respectively, for the years ended March 31, 1999 and 2000. The future lease payments and receipts under the Companies' financing leases and noncancelable operating leases, including amounts representing interest, at March 31, 1999 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
Lease payments			
Due within one year	¥2,316	**¥2,470**	**$23,269**
Due beyond one year	3,646	**3,555**	**33,490**
	¥5,962	**¥6,025**	**$56,759**
Lease receipts			
Due within one year	¥ 558	**¥ 449**	**$ 4,230**
Due beyond one year	716	**574**	**5,407**
	¥1,274	**¥1,023**	**$ 9,637**

Leased assets under the Companies' financing leases, where lessors retain ownership of leased assets, are accounted for as operating leases by the Companies. If such leases were capitalized, then the cost of the assets and the related accumulated depreciation at March 31, 1999 and 2000 would be as follows:

	Millions of yen		
	1999		
	Cost	Accumulated depreciation	Net Amount
Buildings and structures	¥ 419	¥ 333	¥ 86
Machinery and equipment	7,576	3,731	3,845
Other assets included under investments and other assets	140	94	46
	¥8,135	¥4,158	¥3,977

	Millions of yen			Thousands of U.S. dollars
	2000			2000
	Cost	Accumulated depreciation	Net Amount	Net Amount
Buildings and structures	¥ 229	¥ 192	¥ 37	$ 348
Machinery and equipment	8,733	4,243	4,490	42,299
Intangible fixed assets	152	73	79	744
	¥9,114	¥4,508	¥4,606	$43,391

The depreciation amount of leased assets computed on the straight-line method over the periods of the leases would have been ¥1,906 million and ¥2,148 million ($20,236 thousand) for the years ended March 31, 1999 and 2000, respectively.

Fixed assets excluding sub-leased, which are leased to other companies under financing leases without options to transfer ownership of leased assets to lessees at March 31, 1999 and 2000, are as follows:

	Millions of yen		
	1999		
	Cost	Accumulated depreciation	Net Amount
Machinery and equipment	¥671	¥514	¥157

	Millions of yen			Thousands of U.S. dollars
	2000			2000
	Cost	Accumulated depreciation	Net Amount	Net Amount
Machinery and equipment	¥466	¥318	¥148	$1,394

The depreciation amount of leased assets computed on the straight-line method over the periods of the leases would have been ¥156 million and ¥136 million ($1,281 thousand) for the years ended March 31, 1999 and 2000, respectively.

11. DERIVATIVES

In the normal course of business, the Companies enter into various derivative financial instruments in order to manage exposures resulting from fluctuations in foreign currency exchange rates, interest rates and prices of aluminum ingot in market. The Companies don't hold or issue derivative financial instruments for trading purposes. The primary classes of derivatives used by the Companies are foreign exchange forward contract, interest rate swap agreement and aluminum ingot forward contract. The foreign exchange forward contracts have been entered into as hedges against the adverse impact of foreign currencies arising from business operations. The interest rate swap agreements have been entered into as hedges against the adverse fluctuation in the interest rate on the underlying debts. The aluminum ingot forward contracts have been entered into as hedges against the adverse fluctuation in the price of aluminum ingot which is arising from selling and purchasing.

The information of the off-balance sheet forward exchange contracts is not prepared because it is not significant. The off-balance sheet interest rate swap agreements and aluminum ingot forward contracts at March 31, 2000 are as follows:

	Millions of yen			Thousands of U.S. dollars		
	2000			2000		
	Contract amount	Estimated fair value	Unrealized gain/(loss)	Contract amount	Estimated fair value	Unrealized gain/(loss)
Interest rate swap agreements:						
Variable-rate into fixed-rate obligations	¥13,000 *	¥ 681	¥681	$122,468	$ 6,415	$6,415
Fixed-rate into variable-rate obligations	14,450 *	(65)	(65)	136,128	(612)	(612)
Aluminum ingot forward contracts:						
To sell aluminum ingot	784	723	61	7,386	6,811	575
To buy aluminum ingot	5,244	5,192	(52)	49,402	48,912	(490)

** Contract amount of interest rate swap represents the nominal amount of agreements.*

The fair values of interest rate swap agreements were estimated using quotes from brokers and represent the discounted amounts of net future cash flows. The fair values of aluminum ingot forward contracts were estimated using quotes from brokers.

The disclosure of fair value of derivative financial instruments has been required under the new Accounting Standard for Preparation of Consolidated Financial Statements from the fiscal year beginning after April 1, 1999. Accordingly, the disclosure of fair value of derivative financial instruments as of March 31, 1999 is not required.

12. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2000 for loans guaranteed and other guarantees given in the ordinary course of business amounted to ¥28,340 million ($266,981 thousand), including ¥6,371 million ($60,019 thousand) shared by other joint guarantors, and ¥4,061 million ($38,257 thousand) for notes discounted.

13. SUBSEQUENT EVENT

On April 28, 2000, the Company and Shin Nikkei Company, Ltd (SNC), which is a 66.8 % owned consolidated subsidiary of the Company, agreed that SNC would become a wholly-owned subsidiary of the Company on August 1, 2000 by utilizing the exchange procedure defined in Commercial Code.

The agreed share exchange ratio is 1 share of SNC for 0.86 share of the Company. As a result, approximately 33 million shares of the Company would be issued and the total capital would increase by approximately ¥1,626 million ($15,320 thousand).

14. 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 remelt ingot used for various industrial materials, and produces a wide spectrum of aluminas and alumina hydrates ranging from raw material 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, among others, magnetic discs, refrigerated warehouses, aluminum foil and heat exchange radiators.

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

Corporate items include general and administrative expenses and other expenses not identified with business segments.

Export sales and operations outside Japan are insignificant.

Information by industry segment for the years ended March 31, 1999 and 2000 are as follows:

	Millions of yen					
	1999					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	¥ 88,277	¥57,974	¥235,950	¥186,835	¥ —	¥569,036
Intersegment	50,652	30,523	22,899	1,760	(105,834)	—
Total	138,929	88,497	258,849	188,595	(105,834)	569,036
Operating expenses	133,489	88,579	257,568	195,529	(101,976)*1	573,189
Operating profit (loss)	¥ 5,440	¥ (82)	¥ 1,281	¥ (6,934)	¥ (3,858)	¥ (4,153)
Identifiable assets	¥ 97,750	¥94,171	¥230,515	¥206,925	¥ 11,628 *2	¥640,989
Depreciation	¥ 3,153	¥ 3,819	¥ 11,025	¥ 7,751	¥ 3	¥ 25,751
Capital expenditures	¥ 2,889	¥ 2,237	¥ 10,607	¥ 3,846	¥ 1	¥ 19,580

**1 Netting corporate items ...¥4,182 million   *2 Netting corporate items ...¥29,398 million*

	Millions of yen					
	2000					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	¥ 86,642	¥55,990	¥221,849	¥184,713	¥ —	¥549,194
Intersegment	48,636	26,666	18,011	3,400	(96,713)	—
Total	135,278	82,656	239,860	188,113	(96,713)	549,194
Operating expenses	127,750	82,011	240,076	189,911	(92,704)*1	547,044
Operating profit (loss)	¥ 7,528	¥ 645	¥ (216)	¥ (1,798)	¥ (4,009)	¥ 2,150
Identifiable assets	¥ 96,759	¥84,993	¥224,704	¥200,068	¥ (1,178)*2	¥605,346
Depreciation	¥ 3,024	¥ 3,648	¥ 9,094	¥ 7,278	¥ 3	¥ 23,047
Capital expenditures	¥ 2,666	¥ 2,110	¥ 4,773	¥ 3,876	¥ —	¥ 13,425

**1 Netting corporate items...¥4,012 million   *2 Netting corporate items...¥21,379 million*

	Thousands of U.S. dollars					
	2000					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	$ 816,222	$527,461	$2,089,958	$1,740,113	$ —	$5,173,754
Intersegment	458,182	251,211	169,675	32,030	(911,098)	—
Total	1,274,404	778,672	2,259,633	1,772,143	(911,098)	5,173,754
Operating expenses	1,203,485	772,596	2,261,668	1,789,081	(873,330)*1	5,153,500
Operating profit (loss)	$ 70,919	$ 6,076	$ (2,035)	$ (16,938)	$ (37,768)	$ 20,254
Identifiable assets	$ 911,531	$800,688	$2,116,853	$1,884,767	$ (11,098)*2	$5,702,741
Depreciation	$ 28,488	$ 34,367	$ 85,671	$ 68,563	$ 28	$ 217,117
Capital expenditures	$ 25,115	$ 19,878	$ 44,965	$ 36,514	$ —	$ 126,472

**1 Netting corporate items...$37,796 thousand   *2 Netting corporate items...$201,404 thousand*

As discussed in Note 1 (l), expenditure relating to computer software developed for internal use which contributes to the generation of income or to future cost savings is capitalized as intangible fixed assets from the year beginning after April 1, 1999.

The effect of this change for the year ended March 31, 2000 was to increase operating profit by approximately ¥4 million ($38 thousand) in Aluminum ingot and chemicals segment and approximately ¥40 million ($377 thousand) in Aluminum sheet and extrusions segment, to decrease operating loss by approximately ¥98 million ($923 thousand) in Fabricated products and others segment and approximately ¥333 million ($3,137 thousand) in Building materials segment.

Report of Independent Accountants

PRICEWATERHOUSECOOPERS

June 29, 2000

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and of cash flows, expressed in Japanese yen, present fairly, in all material respects, the financial position of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries at March 31, 1999 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan. These consolidated financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in Japan which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1 (f) to the accompanying consolidated financial statements, effective April 1, 1999, the Company and some consolidated subsidiaries changed their method of accounting for evaluation of marketable equity securities from the cost method to the lower of cost or market value method.

As described in Note 1 to the accompanying consolidated financial statements, effective for the year ended March 31, 2000, the Company and its consolidated subsidiaries have adopted new Japanese accounting standards for preparation of consolidated financial statements, for research and development costs and for income taxes.

In addition, as discussed in Note 13, on April 28, 2000, the Company and Shin Nikkei Company Limited (SNC), which is a 66.8% owned consolidated subsidiary, entered into a contract whereby SNC would become a wholly-owned subsidiary of the Company effective August 1, 2000 by utilizing the exchange procedure defined in Commercial Code.

The U.S. dollars amounts shown in the accompanying consolidated financial statements have been translated solely for convenience. We have reviewed this translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis described in Note2 to the consolidated financial statements.

PricewaterhouseCoopers

Notice to Readers

The accompanying consolidated financial statements are not intended to present the financial position and the results of operations and of cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Accordingly the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and of cash flows and their utilization are not designed for those who are not informed about Japanese accounting principles, procedures and practices.

The standards, procedures and practices utilized in Japan to audit such financial statements may differ from those generally accepted in countries and jurisdictions other than Japan.

Overseas Network

Overseas Office

China Regional Office
Hong Kong, SAR, China
Phone: 852-2522-3001

Overseas Subsidiaries and Affiliates

North America

Alpac Aluminium Inc.
Quebec, Canada
Phone: 1-514-848-8000
Aluminum smelting
(50%)

Nikkei North America Aluminum Inc.
Ohio, U.S.A.
Phone: 1-216-463-5565
Trading and marketing
(100%)

Alcan Nikkei Asia Holdings Limited
Bermuda
Phone: 441-295-3550
Holding company for investment with Alcan in Southeast Asia and China
(40%)

East Asia

Alcan Nikkei Korea Limited
Seoul, Korea
Phone: 82-2-777-9195
Trading and marketing
(51%) [1]

Nonfemet International (China-Canada-Japan) Aluminium Co., Ltd.
Shenzhen, China
Phone: 86-755-661-1569
Extrusion [2]

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

Southeast Asia

Alcan Nikkei Asia Company Limited
Malaysia
Phone: 60-3-754-5286
Management of invested companies in Southeast Asia
(40%)

Alcan Nikkei Siam Limited
Bangkok, Thailand
Phone: 66-2-260-8000
Aluminum sheet, foil [3]

Alcan Nikkei Thai Limited
Bangkok, Thailand
Phone: 66-2-250-7001
Extrusions, aluminum alloys [4]

Aluminium Company of Malaysia Bhd.
Malaysia
Phone: 60-3-756-1588
Aluminum sheet, foil, extrusions [5]

Alcom Nikkei Specialty Coatings Sdn. Bhd.
Malaysia
Phone: 60-3-342-2234
Pre-coated finstock [6]

Amalgamated Aluminium and Alloys Sdn. Bhd.
Malaysia
Phone: 60-3-341-9500
Aluminum alloys
(35%)

Nikkei Singapore Aluminium Pte. Ltd.
Singapore
Phone: 65-222-8991
Trading and marketing
(100%)

Daiki Nikkei Thai Co., Ltd.
Thailand
Phone: 66-3821-4631
Aluminum alloys
(35%)

[1] Interest held through Nikkei Hong Kong Aluminium Co., Ltd., which is 100% owned by Nippon Light Metal Company, Ltd. (NLM)

[2] 45%; Interest held through Alcan Nikkei Asia Holdings Limited (ANAH)

[3] 33%; Interest held through ANAH
37%; Interest held through Nikkei Holdings Pte. Ltd., which is 100% owned by ANAH

[4] 75%; Interest held through ANAH
2.6%; Interest held through Nikkei Holdings Pte. Ltd., which is 100% owned by ANAH

[5] 59.15%; Interest held through ANAH

[6] 50%; Interest held through ANAH
50%; Interest held through Aluminium Company of Malaysia Bhd.

(As of June 29, 2000)

Directors and Officers

Directors

Yukoh Masuda
Chairman of the Board
Representative Director

Kazuo Matsui
President
Representative Director

Shigesato Sato

Kimihito Kakitani

Akio Kainuma

Akihiko Hayashi

Yoshisato Hiratsuka

Hisao Kobayashi

Ariyoshi Okumura

Glenn R. Lucas

Auditors

Hiroshi Honma

Hajime Hosokawa

Yoshiyuki Wakahara

Seiichi Takeda

Officers

Kazuo Matsui
President
Chief Executive Officer

Shigesato Sato
Excecutive Vice
President
Senior Executive Officer

Kimihito Kakitani
Senior Executive Officer

Akihiko Hayashi
Senior Executive Officer

Yoshisato Hiratsuka
Senior Executive Officer

Shigeru Kohmura
Executive Officer

Kazuyuki Hasegawa
Executive Officer

Takao Otsuji
Executive Officer

Michio Hara
Executive Officer

Eiji Matsui

Toshikazu Fujita

Hideo Endo

Yoji Miyauchi

Takashi Ishiyama

Koji Tajima

Motoi Kobayashi

Yoshinobu Hiki

Takamichi Sakai

Masato Hironaga

Teruo Miyashita

Koji Kawakami

Tsuyoshi Nakajima

(As of June 29, 2000)

Corporate Data

Head Office
NYK Tennoz Building
2-20, Higashi-Shinagawa 2-chome
Shinagawa-ku, Tokyo 140-8628, Japan
http://www.nikkeikin.co.jp
Phone: 03-5461-9281
Fax: 03-5461-9200

Established
March 30, 1939

Paid-In Capital
¥37,458 million

Shares of Common Stock
Authorized: 1,600,000,000
Issued: 510,825,514

Number of Shareholders
33,821
(As of March 31, 2000)

Stock Exchange Listings
Tokyo, Osaka and six other domestic stock exchanges

Transfer Agent of Common Stock
Chuo Trust & Banking Co., Ltd.

Last Shareholders' Meeting
June 29, 2000

Major Shareholders
Alcan Nikkei Asia Holdings Ltd.
(8.9%)
Dai-Ichi Kangyo Bank, Ltd.
(3.9%)
Asahi Mutual Life Insurance Co.
(3.9%)
Industrial Bank of Japan, Ltd.
(3.6%)
The Sumitomo Trust & Banking Co., Ltd.
(3.4%)
Chuo Trust & Banking Co., Ltd.
(3.0%)
The Light Metal Educational Foundation, Inc.
(2.9%)
Chuo Trust & Banking Co., Ltd. (Trust Accounts)
(2.2%)
Itochu Co., Ltd.
(2.2%)
Japan Securities Finance Co., Ltd.
(1.8%)

Major Domestic Affiliated Companies

Shin Nikkei Co., Ltd.
Aluminum sashes, construction materials
(66.8%)

Nippon Fruehauf Co., Ltd.
Aluminum vans, trucks, trailers, marine containers
(66%)

Riken Light Metal Industrial Co., Ltd.
Aluminum construction materials
(100%)

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
(100%)

Nikkei Information System Co., Ltd.
Computer operation under contract, marketing office
(100%)

Nikkei Logistics Co., Ltd.
Transport, warehousing [1]

Nikkei Products Co., Ltd.
Sales of household utensils
(100%)

Nikkei Extrusions Co., Ltd.
Aluminum extruded products
(100%)

[1] 46%; Direct interest NLM
44%; Interest held through Shin Nikkei Co., Ltd.
10%; Interest held through Nippon Fruehauf Co., Ltd.

(As of June 29, 2000)

Nippon Light Metal Company, Ltd.
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