ANNUAL REPORT 2015

Year ended March 31, 2015

Nippon Light Metal Holdings Company, Ltd.

Profile

Since its establishment, the NLM Group has been Japan's sole fully integrated aluminum manufacturer offering varieties of products ranging from aluminum raw material to fabricated products.

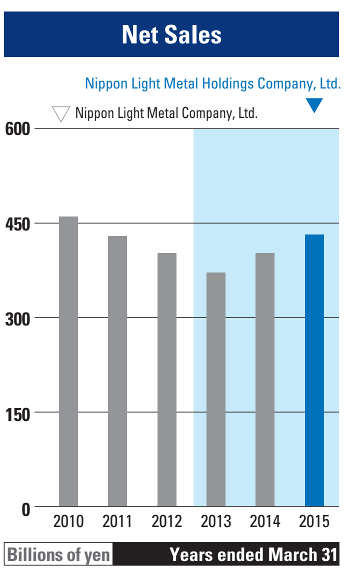
Aluminum has properties that make it a superb industrial material: it is lightweight and has excellent processability, corrosion resistance, thermal conductivity, and recyclability. Nippon Light Metal applies its core strengths — a wealth of knowledge about aluminum and its characteristics and technological capabilities that have been developed over many years — to supply a highly diversified range of products to a number of key industrial sectors, including the automotive, electrical and electronics, information and telecommunication, environment, safety, energy, construction, railroad, and food products industries.

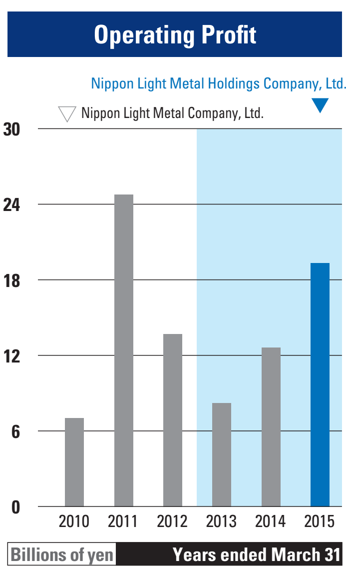
By carrying on development of new applications for aluminum and aluminum materials, the NLM Group is to continue to support customers in wide-ranging industrial sectors and contribute to improving the quality of people's lives and protection of the environment.

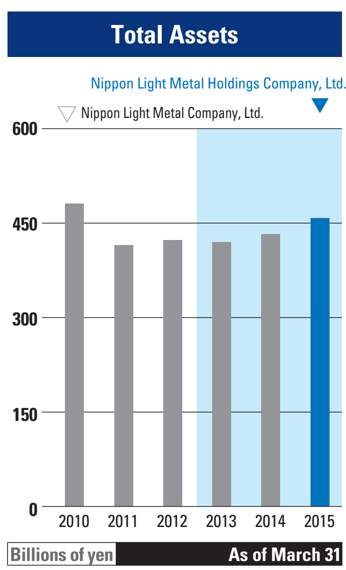
Consolidated Financial Highlight

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

	2014	**2015**	**2015**
	Millions of yen		Thousands of U.S. dollars
For the year:			
Net sales	¥402,829	**¥431,477**	**$3,590,555**
Operating profit	12,617	**19,305**	**160,648**
Net income	5,128	**9,645**	**80,261**
At year-end:			
Total assets	432,538	**457,277**	**3,805,251**
Net assets	121,194	**137,385**	**1,143,255**
Short-term borrowings and long-term debt, including bonds and capital lease obligation	202,619	**192,594**	**1,602,680**







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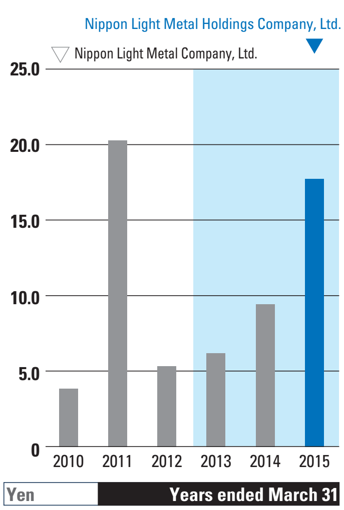
	2014	**2015**	**2015**
	yen		U.S. dollars
Per share data (yen and dollars):			
Net income —basic	¥ 9.43	**¥ 17.74**	**$ 0.15**
—diluted	9.04	**15.59**	**0.13**
Cash dividends	4.00	**5.00**	**0.04**
Net assets	203.03	**223.27**	**1.86**
Stock information (TSE) (yen and dollars):			
Stock price:			
High	¥ 164	**¥ 193**	**$ 1.61**
Low	95	**132**	**1.10**

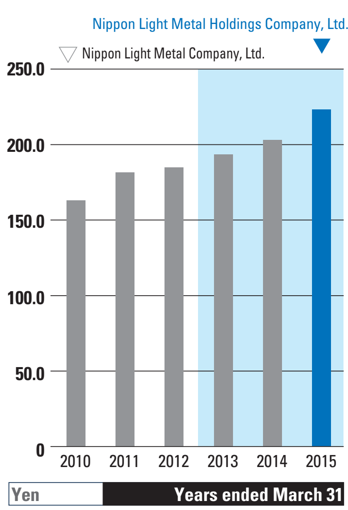
Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥120.17 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Net Income per Share



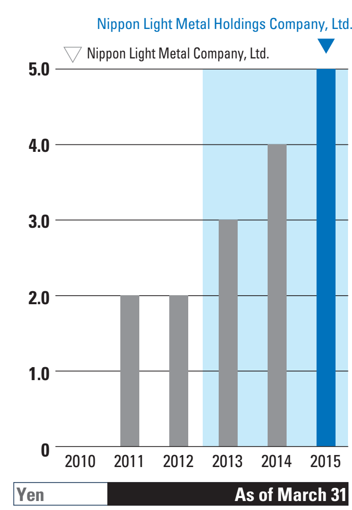
Net Income per Share = (Net Income - Amount not attributable to common shareholders) / Average Number of Shares Outstanding

Net Assets per Share



Net Assets per Share = (Net Assets-Minority interests in consolidated subsidiaries) / Number of Shares Outstanding at Year-end

Cash Dividends per Share



Ichiro Okamoto, *President & CEO*　　Takashi Ishiyama, *Chairman of the Board and director*

I would like to take this opportunity to extend my sincere gratitude to our shareholders for their continued support of our business operations.

I hereby report on the operating results for Nippon Light Metal Holdings Company, Ltd. ("NLM Holdings") for fiscal 2014 (the year from April 1, 2014 to March 31, 2015).

Overview of Fiscal 2014

During the year under review, the environment in the domestic aluminum industry saw decrease in shipments for construction-related fields as a reaction to the surge in demand ahead of the consumption tax hike. Demand for the transport industry, especially for ordinary vehicles, remained stagnant while exports increased due to yen depreciation and there was strong demand for trucks amid the post-quake reconstruction. As a result, overall aluminum demand increased from that of the previous year.

Under these circumstances, the Group has strived to maximize its consolidated profit in accordance with the following three basic policies in the Mid-Term Management Plan (fiscal 2013 to fiscal 2015) and completed the second year of the Plan in March 2015.

1) **Business development through strategies by region and by sector**
2) **Creation of growth drivers through new products and businesses**
3) **Strengthening of corporate culture**

Fiscal 2014 was marked as the year when the sales volume in the Alumina, Chemicals and Aluminum Ingot segment, Aluminum Sheet and Extrusions segment and the truck outfitting business increased, leading to a sales increase of the Group. Also in terms of profits, both consolidated operating profit and consolidated ordinary profit greatly exceeded those of the previous year due to the increase of sales volume and also due to the robust performance of affiliates accounted for by the equity method.

Consequently, consolidated net sales for the year under review increased 7.1% year on year, to ¥431.5 billion. Consolidated operating profit and consolidated ordinary profit increased 53.0% and 61.8% year on year, to ¥19.3 billion and ¥20.6 billion, respectively. Consolidated net income increased 88.1% year on year to ¥9.6 billion. The NLM Group transitioned to a holding company format in October 2012 and fiscal 2014 demonstrates the best performance in the three years since the transition.

Year-end dividend payment will be ¥5 per share, ¥1 greater than year-end dividend payments for the previous year.

Overview by Business Segment

Sales in the Alumina, Chemicals and Aluminum Ingot segment increased 8.4% year on year, to ¥114.3 billion, while operating profit increased 108.1% year on year, to ¥6.1billion. This was attributable to increase in both revenue and profit in the Alumina and Chemicals segment, expanded sales volume in overseas markets for the secondary alloy business, the core of the Aluminum Ingot segment, particularly backed by a strong demand in China, and the rise in sales prices in conjunction with the rising price of Aluminum Ingots.

Sales in the Aluminum Sheet and Extrusions segment increased 16.2% year on year, to ¥82.8 billion, while operating profit increased 58.5% year on year, to ¥4.2 billion. In the Aluminum Sheet segment, sales of products in electrical machinery and electronics-related fields, particularly sales of thick plates for semiconductor and LCD manufacturing equipment remained robust. In the Aluminum Extrusions segment, shipments for trucks, automobiles in China and solar panel racks were strong. The significant rise in profit is the result of, in addition to the increase in sales volume, rationalization of the burden of product pricing implemented in the face of the surge in raw material prices.

Sales in the Fabricated Products and Others segment increased 4.4% year on year, to ¥138.1 billion, while operating profit increased 6.6% year on year, to ¥7.7 billion. This is because demand for trucks remained strong in the truck outfitting business due to the replacement of vehicles purchased at the time of tightening of emissions regulations and increase in logistics volume in line with the economic recovery in the domestic market, as well as earthquake recovery demand.

Sales in Aluminum Foil, Powder and Paste segment increased 2.6% year on year to ¥96.2billion, while operating profit increased 44.8% year on year, to ¥4.2 billion. This is a result of cost reduction efforts such as concentrating production and sales sites to China, greatly improving profitability, increased sales of fabricated foil for pharmaceutical packaging and plain foil for lithium ion battery surfaces increased in the Aluminum Foil segment, and expanded exports in the Powder and Paste segment, despite sales in the Solar segment being below the levels of the previous year.

Key Topics during Fiscal 2014

In July 2014, we took a stake in a local company in Thailand and started its business as "Fruehauf Mahajak Co., Ltd.," which manufactures and sells bodies and other parts for various kinds of automobiles to capture the business opportunity in Thailand and neighboring countries where an uninterrupted series of storage and distribution activities for fresh agricultural produce and frozen food, so-called cold chain logistics are expanding. This is the second overseas production site following the one in China in the truck outfitting business.

In January 2015, we acquired additional shares of Toyo Rikagaku Kenkyusho, which we had acquired 23.6% of its shares in November 2013, to convert it into a subsidiary and enhance the business in fabrication fields of the Group's Aluminum Sheet segment.

(Please refer to NLM Group Topics in page 6 for details.)

Outlook for Fiscal 2015

With regard to the Japanese economy for fiscal 2015, a gradual recovery is expected with rallied corporate earnings mainly in the exports industry due to the depreciating yen, as well as steady progress in personal consumption through improvement in the employment and income situation. As for the overseas economy, a solid recovery is expected for the U.S. economy while there are concerns over slowdowns of economic growth in China and Southeast Asia and the volatility of raw material and fuel costs. Consequently, a slight increase in demand for aluminum products is expected compared to fiscal 2014.

In these circumstances, the next fiscal year is projected to register net sales of ¥460.0 billion, operating profit of ¥22.5 billion, and ordinary profit of ¥21.0 billion.

Also, we would like to announce herewith, that Takashi Ishiyama has assumed the position of Chairman of the Board and Director, and Ichiro Okamoto has succeeded the position of President and CEO. I would like to ask for the continuous support of our shareholders in these efforts, just as we will do everything in our power to further develop the NLM Group.

June 2015

Takashi Ishiyama

Chairman of the Board and director
Takashi Ishiyama

I. Okamoto

President & CEO
Ichiro Okamoto

NLM Turns Toyo Rikagaku Kenkyusho into Subsidiary

—Strengthening cooperation in technology, development, and sales —

In January 2015, Nippon Light Metal Company, Ltd. (hereinafter "NLM") made an additional acquisition of stocks in Toyo Rikagaku Kenkyusho Co., Ltd. (hereinafter "Toyo Rika") and turned it into a subsidiary (total investment ratio of 51.6%).

Toyo Rika is a general manufacturer of metal fabrication with integrated production lines handling die design, pressing, welding, assembly, and surface treatment. NLM had acquired 23.6% of the outstanding shares of Toyo Rika in November 2013.

Moving forward, through the integration of Toyo Rika's management resources in Japan and China and the NLM Group's business network and management resources in Japan and overseas, NLM will accelerate strategic measures in areas such as the automotive sector and the electric and electronic sectors, creating customer value from a new viewpoint.

Outer shells of mobile phones that utilize Toyo Rika's polishing technology

Toyo Rika: Yahiko Comprehensive Building

Overview of Toyo Rikagaku Kenkyusho Co., Ltd

- Representative : Takeshi Shimakura
- Address : 1961 Somagi, Tsubame City, Niigata Prefecture, Japan
- Established : April 5, 1950
- Number of Employees : 283 (as of December 2014)
- Capital : ¥855.55 million
- Net Sales : ¥6.3 billion (results for 2014)

In addition, Toyo Rika has a subsidiary in China, and its overview is as follows:

- Company Name : TOYO PRECISION APPLIANCE (KUNSHAN) CO., LTD
- Representative : Ichiro Kobayashi
- Registered Address : Kunshan Economic & Technical Development Zone, Jiangsu Province, China
- Lines of Business : Manufacturing of IT device enclosures, etc.
- Established : March 2004
- Number of Employees : 2,140 (as of December 2014)
- Capital : $28.00 million
- Net Sales : ¥9.2 billion (results for 2014)
- Investment Ratio : Toyo Rikagaku Kenkyusho Co., Ltd. (70%),
  : Coxon Precise International Ltd. (30%)

"The NLM Group's initiatives and future tasks"

Q1 The management of the Group as a whole was handed over to you as President and CEO of NLM Holdings. Can you tell us about how you will manage the NLM Group as the new President and CEO?

First of all, I should introduce myself to the shareholders. My name is Ichiro Okamoto, the new President and CEO of NLM Holdings.

The former President and CEO, Mr. Ishiyama introduced the management concept of "Create-Make-Sell" and I believe that this concept has permeated throughout the Group during the last ten years and also that the employees of the Group have shared the market-in point of view. Our business is based on Aluminum materials. In order to survive the competition, we have to differentiate ourselves from other companies and continue to develop high valued-added products. We will further promote the comprehensive and streamlining management whereby products are developed, manufactured and sold through group-wide, cross-functional activities, focusing on delivery of new products and services needed by our customers at their desired timing.

NLM Holdings has more than 90 Group companies where various business operations are conducted. I believe my mission as management is to strive to implement the market-in approach as a "new type of materials company" thoroughly among Group companies and engage them in business as "Team NLM".

Q2 What made you uphold the slogan of "Team NLM"?

There are several experiences which reminds me of the importance of teamwork and the biggest experience among them was the accident in Nagoya Plant where I was assigned to just after joining NLM. In December of that year, a fire broke out at the hot rolling mill of Nagoya Plant. I originally thought it would take several months to resume operation of the plant because of the large scale of the fire, however, it turned out to be quicker than I thought. I still remember that I was very moved to see the people on site rising to the challenge together. I felt "working in unison" was very important, which was an extremely influential formative experience for my approach to business. Also, that experience in Nagoya gave me the view of "Discipline of 3 Gens (Genba - actual place, Genbutsu – actual thing, Genjitsu – actual facts)" and I always try to visit and look at the actual site to solve the issues.

Q3 Fiscal 2014 was the second year of the Mid-Term Management Plan. The performance this year has been favorable, how do you evaluate it?

All of our four business segments recorded successful results, in a way supported by the growth in demand in our materials industry due to the foreign exchange leaning towards yen depreciation and the recovery of the Japanese economy. Various measures including cost reduction throughout various management areas and reduction of inventory contributed as well. What I would like to value most of all is that "a sense of unity as a Group" has emerged across the various business segments and among all Group companies of more than 90.

Q4 Could you tell us about the development and specific progress in new products and services?

I would like to explain about our various new products and services in detail if I could, but it is difficult to show exactly what represents our Company because of the nature of our products - difficult to see from the outside - and also because of the confidentiality agreement with our customers. One of the recent new products is automobile materials for axle parts and body parts. Also we newly developed solar cell-related products such as solar panel racks and PCS* packaging. The demand for heat exchanger products such as fins for air conditioners is growing significantly. Take PCs or TVs for example, contemporary home appliances all generate a great amount of heat and require cooling devices. Cooling devices are beginning to be installed in smaller electrical products, boosting our products as well.

PCS: Power Conditioning System

Q5 What does NLM Holdings aim at in the next Mid-Term Management Plan?

First of all, we have to achieve the current Mid-Term Management Plan with the coming fiscal year, the final year of the Plan. On top of that, we should integrate more and more intelligence in our products and make the market for such products larger to survive as a Japanese manufacturer. The market-in strategy, which we have been implementing for more than a decade, aims to develop integrated products with added value to existing materials. Many new products and new businesses have been created under this strategy. I would like draw a plan in the next Mid-Term Management Plan to set up a system within the Group to create more of such integrated products. We will discuss what steps shall be taken to realize such a system thoroughly within the following six months. The next Mid-Term Management Plan will be released in Spring 2016.

Q6 Could you tell us your strategy on overseas business?

The current overseas net sales account for around 20% of total net sales while the overseas profit has come to exceed 20%. Since we have made significant investments in overseas business under the current Mid-Term Management Plan, we will focus on collecting the fruit, i.e. the profits of existing investments rather than further expanding investment. After that stage, we will expand our overseas business where NLM Group can utilize its strength.

Q7 Could you tell us about your view on improvement of shareholder value and profit allocation to shareholders, and measures to increase ROE?

We will be actively committed to improvement of shareholder value and returns to shareholders. To realize these objectives, we first of all need to generate a large amount of profit, enabling sufficient payment of dividends to shareholders.

We have been utilizing Return on Capital Employed (ROCE) as a key indicator to evaluate the profitability per asset. ROCE is similar to ROE but includes interest-bearing debt.

We have not decided whether we will position ROE as a key management indicator, but we will aim at continuously enhancing corporate value by promoting selection and concentration in our business and increasing capital efficiency.

Ichiro Okamoto *President and CEO*

- 1956 Born in Okayama Prefecture
- 1981 Completed the Master's Course in Metallurgy at Kyoto University Graduate School, and joined Nippon Light Metal Company, Ltd. ("NLM") in the same year
- 2006 Officer of NLM and promoted to Director and Executive Officer in 2009
- 2012 Director of the Company (NLM Holdings)
- 2013 President and CEO of NLM (to present), and assumed President and CEO of the Company in June 2015

1. Summary of Corporate Governance

NLM considers the development of a corporate governance system one of its most important management priorities, as this system helps ensure trust in management by stakeholders, including shareholders, business partners, employees and local communities.

NLM has adopted an executive officer system. The Board of Directors consists of 12 directors, of whom two are outside directors. This system enables agile management and sufficient deliberation by the Board of Directors. To clarify the roles and responsibilities of directors and executive officers and ensure that their tasks are conducted appropriately, their term of office is set to be one year. 12 Board of Directors meetings were held in fiscal 2014.

To examine important matters that affect the entire Group from multiple perspectives, NLM has set up an Executive Committee under the Board of Directors. This committee consists of the president and CEO, senior executives and executive officers and directors of subsidiaries who concurrently serve as NLM directors. The Executive Committee meets at least twice a month.

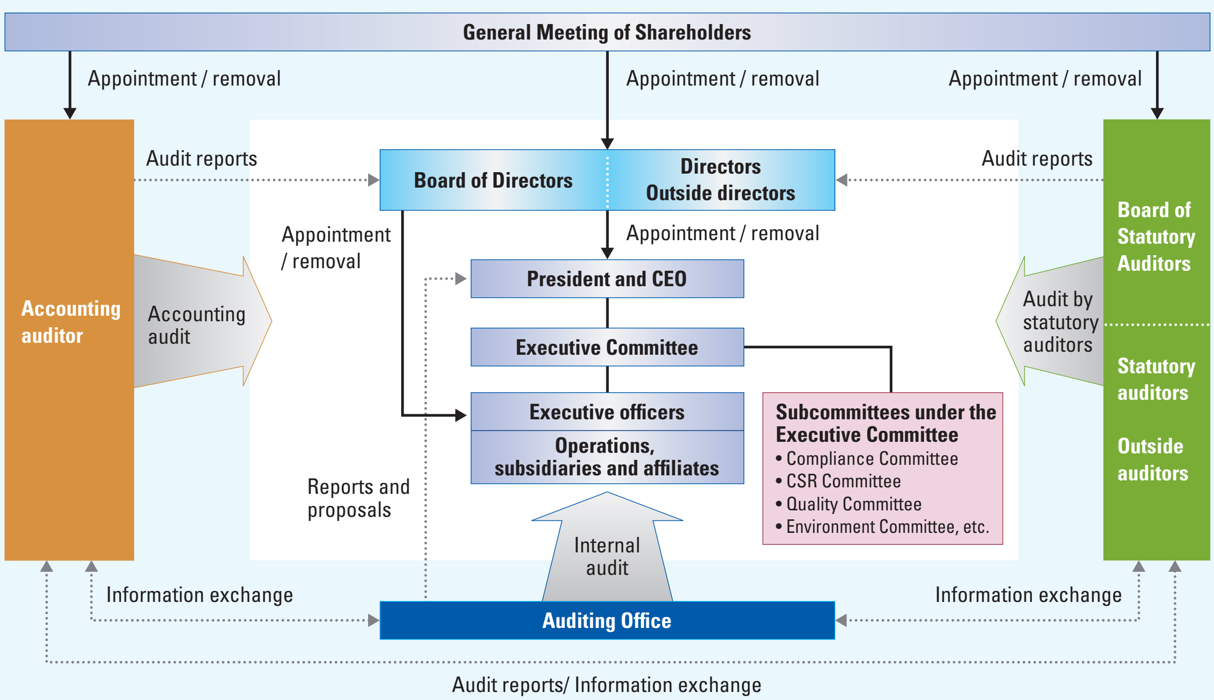
NLM has also adopted a statutory auditor system. The Board of Statutory Auditors consists of five statutory auditors, of whom three are outside auditors. Auditors are independent and play a key role in corporate governance by attending Board of Directors and other important internal meetings.

Support Systems for Outside Directors and Outside Statutory Auditors

The Planning Department and the Legal Department, which jointly serve as the secretariat for the Board of Directors, circulate preparatory handouts to directors and auditors. The secretariat also elaborates on issues of particular importance prior to meetings.

The Auditors Office provides staff to assist the auditors.

NLM's CORPORATE GOVERNANCE STRUCTURE



Accounting Audits

In fiscal 2013, Ernst & Young ShinNihon LLC conducted accounting audits based on the Companies Act and the Financial Instruments and Exchange Act of Japan.

2. Summary of Implementation of Internal Control Systems

To fulfill its corporate governance obligations, NLM takes as another management priority the development of internal control systems for all NLM Group employees. Such systems affect all of NLM's business processes, ensuring risk management, compliance with laws and ordinances and ongoing work efficiency.

At a meeting on March 14, 2008, the Board of Directors resolved to partially amend the basic policy on the implementation of the Internal Control Systems, in order to achieve the Company's goals stipulated in the Group management policy. We will continue to move forward with the implementation of the systems, while revising the policy as necessary.

Establishment of the Compliance Code and the Internal Whistle-Blower System

In July 2004, NLM established the Compliance Committee, chaired by the president and CEO, to clarify its corporate social responsibility and to implement effective internal compliance systems. On April 1, 2006, NLM also established the Group Compliance Code, which is posted on the Group Intranet. At the same time, a leaflet containing this code was distributed to all members of Group companies. Concurrently, an internal whistle-blower system was created.

NLM considers important the creation of an atmosphere that fosters the frank exchange of opinions among officers and employees about workplace compliance and encourages its top-of-mind significance. Each year, NLM holds more than 900 compliance meetings that are attended by employees.

Establishment of Group Risk Management Regulations

As part of its risk management system, in May 2006 NLM established the Group Risk Management Regulations. These regulations specify departmental responsibilities and risk management guidelines, segmented by risk significance into 1) product and service defects, 2) environmental problems, 3) disasters (natural and accidental) and 4) information system problems.

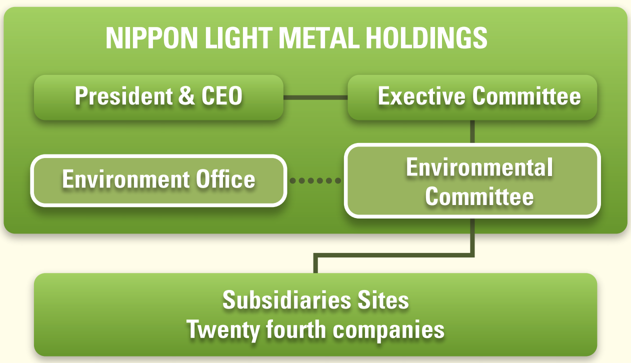
Establishment of Regulations Concerning the Preservation and Management of Documents Containing Important Decisions

In accordance with corporate regulations, NLM appropriately stores and manages information on the execution of duties by directors, which is disclosed to statutory auditors upon request. On May 29, 2006, NLM established the Regulations Concerning the Preservation and Management of Documents Containing Important Decisions. These regulations establish criteria for the storage and management of documents at each NLM Group company, including those concerning Executive Committee decisions, committee minutes and departmental decisions, such as approval applications, data and addenda.

Nippon Light Metal Group fully recognizes the influence the operation of our business has on the environment. To reduce that burden, the Group implements a "Plan, Do, Check, Action" environmental management system.

Environmental Management System

The Environment Committee is responsible for discussing and determining environmental management policies. The committee consists of executive officers and division managers from Nippon Light Metal Holdings and the presidents of affiliated companies.



Environmental Audit

The Environment Office conduct regular environmental audits for all sites in addition to ISO14001. The audit process consists of double procedures: documentation review and on-site inspection which is implemented with a period of once every three years. In 2014, Waste Management and Public Cleansing Act were focused on. These results are communicated to the Director in charge and the Auditors.

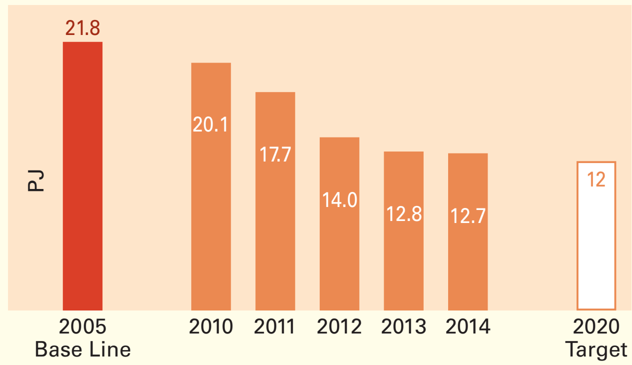
Material Balance

FY2014 energy consumption were similar to the previous year

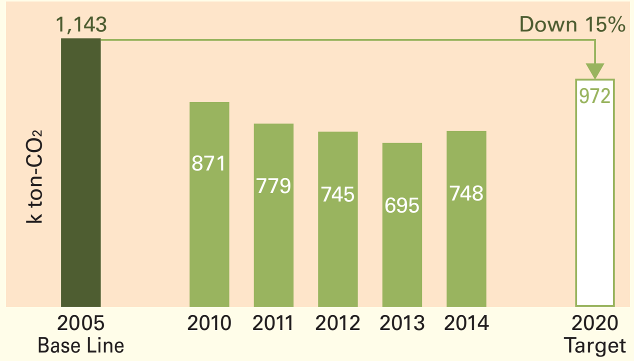
INPUT	FY2014	FY2013	FY2012
Electricity (PJ)	**7.5**	7.8	8.2
Fuel (PJ)	**5.2**	5.0	5.8

Energy Consumption

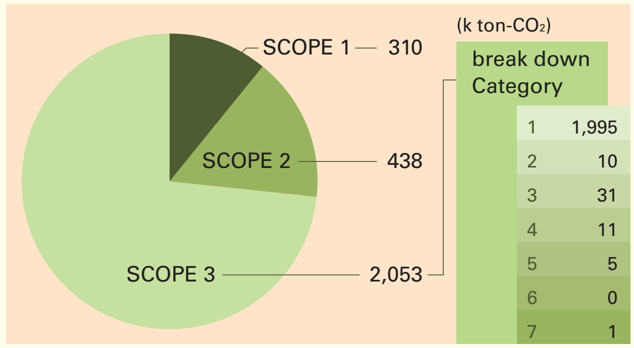
OUTPUT	FY2014	FY2013	FY2012
Greenhouse Gas (kton-CO_2)	**748**	695	745
SOx (ton)	**370**	379	372
NOx (ton)	**480**	396	380
Discharged Water (Mm^3)	**26.3**	27.9	29.0
COD (ton)	**93**	110	101
Disposed-landfill- (kton)	**2.0**	2.2	3.5
Recycled/ Reduced (kton)	**40.7**	34.3	28.6



Change in Greenhouse Gas Emissions



SCOPE 3



Nippon Light Metal Group consists of 82 subsidiaries and 24 affiliates (as of March 31, 2015).
The Group's major operations and the business relations between the Company, major consolidated subsidiaries and affiliates accounted for by the equity method are shown in the diagram below.

Nippon Light Metal Holdings Company, Ltd.

Aluminum Ingot and Chemicals

(Manufacture and Sales)
- ● Nippon Light Metal Company, Ltd.
- ● Aluminium Wire Rod Co., Ltd.
- ● Nikkei MC Aluminium Co., Ltd.
- ● Nikkei MC Aluminum America Inc.
- ● Nikkei MC Aluminum (Thailand) Co., Ltd.
- ● Nikkei MC Aluminum (Kunshan) Co., Ltd.
- ● Ihara Nikkei Chemical Industry Co., Ltd.
- ● CMR Nikkei India Private Ltd.

(Sales and Others)
- ● Nikkei Sangyo Co., Ltd.
- ● Tamai Steamship Co., Ltd.

Aluminum Sheet and Extrusions

(Manufacture and Sales)
- ● Nippon Light Metal Company, Ltd.
- ● Toyo Rikagaku Kenkyusho Co., Ltd.
- ● Toyo Precision Appliance (Kunshan) Co., Ltd.
- ● Nikkei Extrusions Co., Ltd.
- ● Nikkeikin Aluminium Core Technology Co., Ltd.
- ● Shandong Nikkei Conglin Automotive Parts Co., Ltd.
- ● Nikkei (Shanghai) Body Parts Co., Ltd.
- ● Nikkei Siam Aluminium Ltd.
- ● Riken Light Metal Industrial Co., Ltd.
- ● Huafon Nikkei Aluminium Co., Ltd.
- ● Nonfemet International (China-Canada-Japan) Aluminium Co., Ltd.

(Sales and Others)
- ● Nikkeikin Kakoh Kaihatsu Holdings Company, Ltd.
- ● Nikkei Sangyo Co., Ltd.

Fabricated Products and Others

(Manufacture and Sales)
- ● Nippon Light Metal Company, Ltd.
- ● NLM ECAL Co., Ltd.
- ● Nikkei Sangyo Co., Ltd.
- ● Nikkei Panel System Co., Ltd.
- ● Nikkei Matsuo Co., Ltd.
- ● Nippon Electrode Co., Ltd.
- ● Nippon Fruehauf Co., Ltd.
- ● Fruehauf Mahajak Co., Ltd.
- ● Shandong Conglin Fruehauf Automobile Co., Ltd.
- ● Nikkei Heat Exchanger Co., Ltd.

(Sales and Others)
- ● Nikkei Information System Co., Ltd.
- ● Nikkei Logistics Co., Ltd.
- ● Sumikei Nikkei Engineering Co., Ltd.
- ● Toho Earthtech Inc.

Aluminum Foil, Powder and Paste

(Manufacture and Sales)
- ● Toyo Aluminium K.K.
- ● Hunan Ningxiang JiWeiXin Metal Powder Co., Ltd.
- ● Toyal Zhaoqing Co., Ltd.
- ● Tokai Aluminum Foil Co., Ltd.
- ● Toyal America Inc.
- ● Toyal Europe S.A.S.U.
- ● Toyo Aluminium Ekco Products Co., Ltd.
- ● Toyo Aluminium Chiba K.K.
- ● Sam-A Aluminium Co., Ltd.

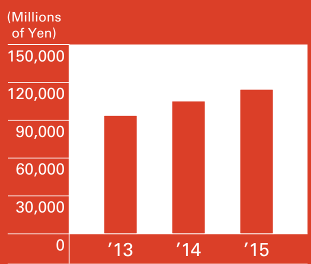
CUSTOMER

● Consolidated subsidiaries: 77 companies ● Affiliates accounted for by the equity method: 17 companies (As of March 31, 2015)

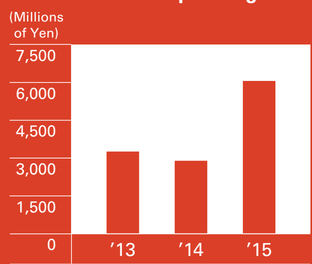
Aluminum Ingot and Chemicals

Profile *Alumina and Chemicals segment produce aluminum hydroxide, alumina and chemicals used in various fields. These products are used as raw materials for flame retardants, ceramics and other products and as industrial materials in paper and pulp manufacturing. Aluminum Ingot segment manufacture various kinds of aluminum alloys and enjoy an excellent reputation for the development of high-performance alloys in response to customer requirements.*

Net Sales



Consolidated Operating Profit



Principal Products

- Aluminum
- Aluminum hydroxide
- Chemicals (chemical products)
- Caustic soda
- Chlorinated chemical products
- Aluminum ingot
- Aluminum alloys

● Overview of results for fiscal 2014

In the Alumina and Chemicals segment, with regard to the mainstay alumina and aluminum hydroxide products among alumina-related products, shipments of coagulants, refractory materials and shipments in electrical machinery and electronics-related fields remained robust for both domestic market and exports. In terms of chemicals, sales of organic chlorine products were on par with the levels of the previous year, however, shipments of caustic soda products and inorganic chlorine products were strong, causing sales for the segment overall to exceed the levels of the previous year.

In terms of profits, an increase in sales volume and efforts on reductions in fixed costs resulted in improving profits compared with the previous year, however, due to a rise of raw material costs caused by yen depreciation, the situation remained severe.

In the Aluminum Ingot segment, although shipments of the mainstay secondary alloy products for automotive applications decreased in Japan, sales volume grew in overseas market thanks to the strong demand in the Chinese market. Additionally, sales prices rose mostly in tandem with raw material prices which serve as its benchmark, resulting in an increase in sales compared to the previous year and a significant increase in profits as well.

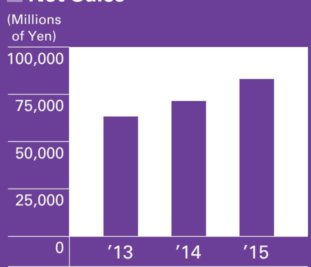
As a result, Alumina, Chemicals and Aluminum Ingot segment sales increased 8.4%, or ¥8,851 million year on year, to ¥114,339 million (¥105,488 million for the previous year), and operating profit increased 108.1%, or ¥3,152 million year on year, to ¥6,069 million (¥2,917 million for the previous year).

Aluminum Billet

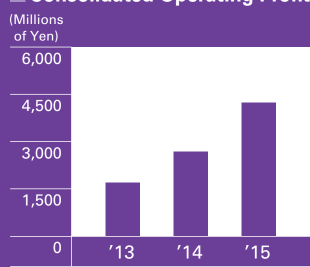
Aluminum Sheet and Extrusions

Profile *The NLM Group's aluminum sheet and extrusions are used in a wide range of market sectors, for instance for automotive parts and railway cars in the transport industry and for semiconductor and liquid crystal manufacturing equipment and photosensitive drums in the electrical machinery and electronics industries. The Group applies technologies and expertise accumulated over many years to actively develop products that meet user needs and provides customers with high-performance sheets and extrusions.*

Net Sales



Consolidated Operating Profit



Applications	Principal Products
Automobile	● Automobile suspension parts ● Lead-free cut aluminum alloy ● Quick freezing coagulated powder extruded materials ● High-intensity molded aluminum sheet
Transport	● Large structural materials for railway rolling stock ● Flap for trucks
Electronics	● Thick plate for semiconductor and LCD manufacturing equipment ● Foil stock ● Photosensitive drum materials
Industrial	● Printing roll ● Industrial materials
Building materials and infrastructure materials	● Aluminum honeycomb panel ● Scaffolding ● Building materials

● Overview of results for fiscal 2014

In the Aluminum Sheet segment, although shipments of foil stock slumped, sales of thick plates for semiconductor, LCD manufacturing equipment and railway increased significantly. Also, shipments of construction materials, transport-related, mainly for truck outfitting, battery cases in electrical machinery and electronics-related fields and PC cases remained robust. As a result, sales volume exceeded those of the previous year. Sales prices elevated in conjunction with the price of Aluminum Ingots, which is an indicator in terms of price. Converting Toyo Rikagaku Kenkyusho Co., Ltd. to a subsidiary in January 2015 also contributed to increase in sales, leading to sales levels well above those of the previous year.

In terms of profits, expanded sales improved product mix resulted in an increase in profits compared with the previous year.

In the Aluminum Extrusions segment, with regard to the transport-related products, which form the mainstay of the segment, sales for automobile in domestic market and railway cars decreased while shipments of van and truck outfitting increased and sales for automobile in China recorded solid growth. The effect of the consumption tax hike was partly seen in building materials-related shipments while sales contracts for solar panel racks expanded following the previous year and sales for electrical machinery and electronics-related fields and industrial equipment-related fields recorded an increase as well, enabling sales of the overall segment to exceed the levels of the previous year.

In terms of profits, rising raw material prices were a burden, but rationalization of prices, in addition to increase in sales volume, lead to improvement compared with the previous year.

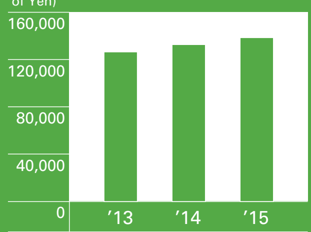
As a result, Aluminum Sheet and Extrusion segment sales increased 16.2%, or ¥115,49 million, to ¥82,823 million (¥71,274 million for the previous year). Operating profit increased 58.5%, or ¥1,562 million, to ¥4,230 million (¥2,668 million for the previous year).

As mentioned above, in January 2015, Nippon Light Metal Company, Ltd. ("NLM"), a subsidiary of the Company, additionally acquired 28.0% of the outstanding shares of Tokyo Rikagaku Kenkyusho Co., Ltd. of which it had acquired a 23.6% stake in November 2013, and converted it to a subsidiary. We have been striving to enhance the business in fabrication fields through the combination of NLM's knowledge in raw materials and the fabrication technologies of Toyo Rikagaku Kenkyusho Co., Ltd. Converting it to a subsidiary enables us to deploy domestic and overseas network and management resources of the two companies in an integrated manner and to generate further synergy.

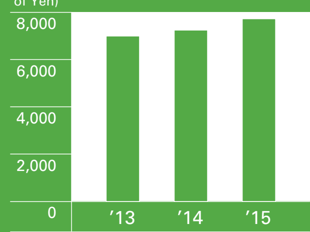
Fabricated Products and Others

Profile *The NLM Group includes several companies that handle distinctive fabricated products. In particular, Nippon Fruehauf's truck bodies and Nikkei Panel System's commercial refrigerators and freezer panels enjoy an excellent reputation for quality, and are market share leaders in their respective fields. In addition, the Group provides familiar aluminum fabricated products, including anodized aluminum foil for aluminum electrolytic capacitors, automotive parts, and carbon products.*

Net Sales



Consolidated Operating Profit



Applications	Principal Products
Automobile	• Cast and forged parts for automobiles • Heat exchangers for automobiles
Transport	• Van truck bodies and trailers
Electronics	• Anodized foil for electrolytic capacitors • Clean rooms
Building materials and infrastructure materials	• Landscape engineering products • Solid truss structural materials (Aluminum truss) • Plant package for communication base stations
Food and lifestyle	• Panels for commercial refrigerators and freezers

● Overview of results for fiscal 2014

In the Transport-Related segment, sales in the truck outfitting business exceeded the previous year with high levels of demand for trucks following the previous year, thanks to the replacement of vehicles purchased at the time of tightening of emissions regulations and earthquake recovery demand, as well as increase of logistics backed by the economic recovery in the domestic market.

In July 2014, Fruehauf Mahajak Co., Ltd., which manufactures and sells bodies for various types of automobiles and heat insulating panels, was established in Thailand as a joint venture with a local company. Increase in logistics is expected in Thailand and neighboring countries such as a rise in demand of frozen food, etc. By contributing to the expansion of the cold chain, we will strive for further business development.

In the area of capacitors for car air conditioners, sales of the mainstay mini vehicles products were strong thanks to strong sales of mini vehicles in Japan, leading to sales levels exceeding those of the previous year.

The Shaped Parts segment saw a drop in demand year on year resulting from a decrease in the number of automobile units manufactured in Japan. However, sales were on par with the levels of the previous year as a result of marketing efforts of new products.

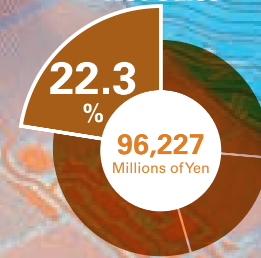
In the Electronic Materials segment, although there was a temporary decrease in demand for anodized aluminum foil for aluminum electrolytic capacitors in the latter half of the year due to adjustments in inventory, demand in the first half of the year increased both in the fields of industrial equipment and consumer equipment, and increase was seen in sales contracts with improved price competitiveness among customers backed by yen depreciation, enabling sales to exceed levels of the previous year.

In the Panel System segment, with regard to shipments of industrial refrigerators and freezers, small systems for stores such as convenience stores were strong following the previous year while shipments of large systems for plants that process food products and low temperature distribution warehouses decreased due to the consumption tax hike. With regard to clean rooms, demand declined, particularly in the semiconductors and precision equipment fields. As a result, overall segment sales were below the levels of the previous year.

In the Carbon Product segment, shipments for unshaped materials for electrodes greatly declined while shipments of carbon blocks and cathodes for blast furnaces and electric furnaces for steel and aluminum smelters, the sector's major products, increased thanks to yen depreciation which boosted exports, leading to sales levels exceeding those of the previous year.

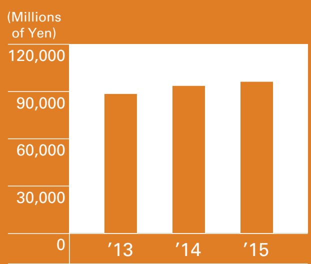
As a result, sales in the Fabricated Products and Others segment increased 4.4%, or ¥5,827 million, to ¥138,088 million (¥132,261 million for the previous year). Operating profit increased 6.6%, or ¥480 million, to ¥7,224 million (¥7,704 million for the previous year).

Aluminum Foil, Powder and Paste

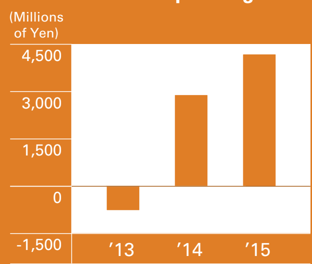


Profile *The core company in this segment is Toyo Aluminium K.K. The company has established its position as the leading manufacturer by using the features of aluminum to develop a wide range of products beneficial to society, industry and daily life, including packaging for food and pharmaceutical products, electronics, aluminum pastes, and materials for solar cells. Expanding into new fields based on our own technology, we are marketing various kinds and types of materials and products of high functionality in both domestic and overseas markets.*

Net Sales



Consolidated Operating Profit



Applications

- Food and lifestyle
- Electronics
- Automobile
- Environmental / Energy

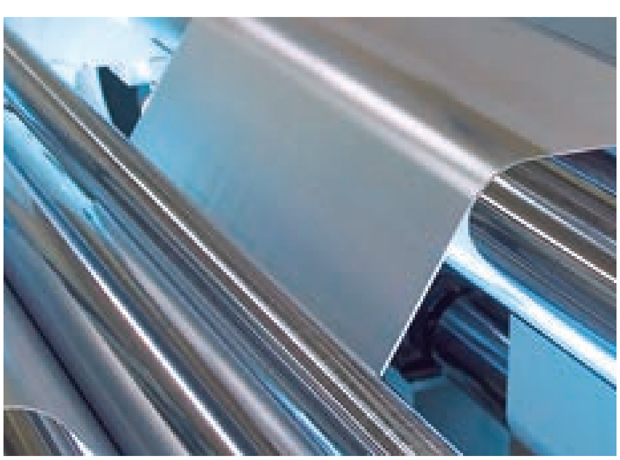
Principal Products

- Aluminum foil
- Aluminum foil for electrolytic capacitors
- Powder and paste
- Back sheets for solar cells
- Electrode ink for solar cells

● Overview of results for fiscal 2014

In the Aluminum Foil segment, shipments of high-purity aluminum foil for electrolytic capacitors showed a gradual recovery in the domestic market although sales of new products remained sluggish and exports decreased. Demand of standard foil remained stagnant particularly for the food products field, however, shipments of fabricated foil for pharmaceutical packaging and plain foil for lithium ion battery surfaces were solid, causing sales for the segment overall to exceed the levels of the previous year.

In the Powder and Paste segment, shipments of mainstay aluminum paste for use in automobile paint declined in domestic market and shipments for inks used for beverage containers also decreased, while shipments of powder-related products were strong and imports increased as well thanks to yen depreciation, resulting in an increase in sales compared to the previous year.



Aluminum Foil

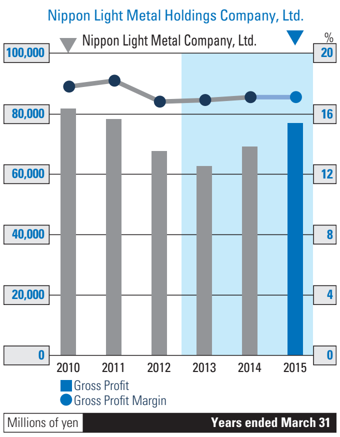
In the Solar segment, shipments of back sheets for solar cells remained sluggish in the first half of the year due to deteriorating credit among users in China, however, shipments in the second half increased significantly since development of new customers progressed and the credit issue in China was gradually resolved. However, shipments of functional ink for solar cells remained stagnant throughout the year, and price of both products dropped due to intensifying competition, leading to sales levels of the overall segment to become significantly below the previous year. On the other hand, in terms of profits, situation improved significantly as a result of efforts in cost reduction such as raising local supply rate of raw materials under the new structure where production and sales sites were concentrated to China.

As a result, sales in the Aluminum Foil, Powder and Paste segment increased 2.6%, or ¥2,421 million, to ¥96,227 million (¥93,806 million for the previous year). Operating profit increased 44.8%, or ¥1,294 million, to ¥4,183 million (¥2,889 million for the previous year).

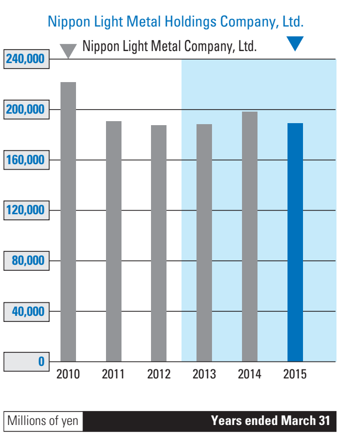
Consolidated Six-Year Summary

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

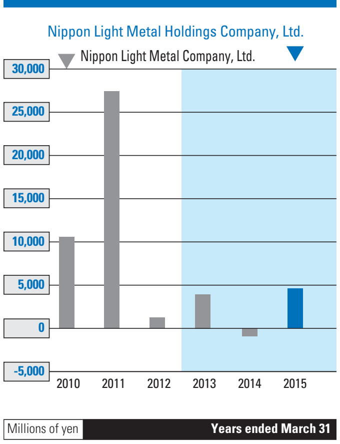
Gross Profit and Gross Profit Margin



Interest-bearing Debt



Free Cash Flows



	Nippon Light Metal Company, Ltd.	
	2010	2011
	(Millions of yen)	
Financial Results		
Net Sales	¥460,681	¥429,433
Gross Profit	81,885	78,166
Gross Profit Margin (%)	17.8	18.2
Operating Profit (Loss)	7,673	24,724
Ordinary Profit (Loss)	2,682	18,529
Net Income (Loss)	2,084	11,040
Segment Information		
Net Sales:		
Aluminum Ingot and Chemicals	88,141	107,397
Aluminum Sheet and Extrusions	58,399	69,458
Fabricated Products and Others	106,060	136,095
Building Materials	115,680	—
Aluminum foil, powder and paste	92,401	116,483
Total	460,681	429,433
Operating Profit (Loss):		
Aluminum Ingot and Chemicals	3,425	6,783
Aluminum Sheet and Extrusions	(362)	4,604
Fabricated Products and Others	3,849	5,738
Building Materials	(1,776)	—
Aluminum foil, powder and paste	5,140	10,245
Elimination or corporate items	(2,603)	(2,646)
Total	7,673)	24,724
Financial Position		
Current Assets	258,839	221,956
Property, plant and equipment	165,612	143,767
Intangible assets	5,147	4,458
Investments and other assets	51,424	44,704
Current liabilities	249,184	182,703
Long-term liabilities	138,714	127,425
Shareholders' equity (Note 3)	87,245	98,272
Total accumulated other comprehensive income (Note 3)	1,507	463
Minority interests in consolidated Subsidiaries (Note 3)	4,372	6,022
Interest-bearing Debt (Note 2)	221,720	190,760
Cash Flows		
Cash Flows from Operating Activities	26,388	26,479
Depreciation and Amortization	20,717	15,831
Cash Flows from Investing Activities	(15,792)	964
Capital Expenditures	14,197	15,363
Cash Flows from Financing Activities	(8,880)	(30,726)
Per Share Data (yen and dollars)		
Net Income (Loss) - basic	¥ 3.83	¥ 20.29
- diluted	3.63	—
Net Assets (Note 3)	163.13	181.51
Cash Dividends	—	2.00
Indices		
Return on Capital Employed (ROCE) (%)	2.2	7.9
Return on Equity (ROE) (%)	2.4	11.8
Equity Ratio (%)	18.5	23.8
Others		
Number of Shares Outstanding (thousands)	545,126	545,126
R&D Expenditures	5,085	4,798
Number of Employees	12,854	9,739

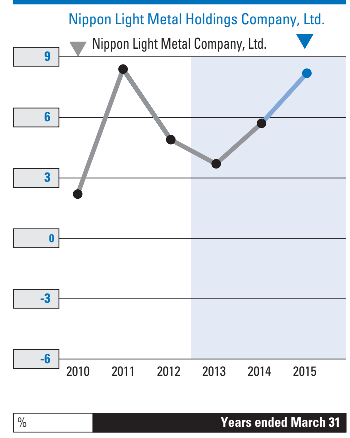
Note 1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥120.17 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Note 2: Interest-bearing Debt = Long-term debt and Short-term borrowings, excluding capital lease obligations + Notes discounted + Notes endorsed

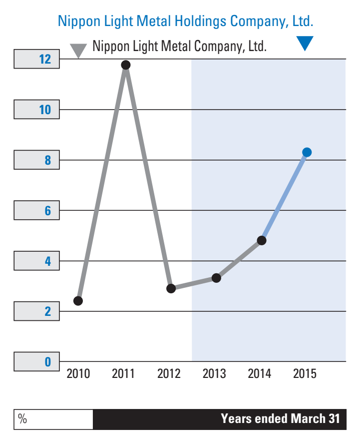
Note 3: Numbers used for the year ended March 2010 have been revised according to the current segment categories.

	Nippon Light Metal Holdings Company, Ltd.			
2012	2013	2014	**2015**	**2015**
	(Millions of yen)			(Thousands of U.S. dollars) (Note 1)
¥403,009	¥371,887	¥402,829	**¥431,477**	**$3,590,555**
67,559	62,715	69,003	**76,987**	**640,651**
16.8	16.9	17.1	**17.8**	**17.8**
13,665	8,154	12,617	**19,305**	**160,648**
9,709	6,873	12,730	**20,600**	**171,424**
2,856	3,355	5,128	**9,645**	**80,261**
99,560	93,902	105,488	**114,339**	**951,477**
70,618	63,161	71,274	**82,823**	**689,215**
127,972	126,218	132,261	**138,088**	**1,149,105**
—	—	—	**—**	**—**
104,859	88,606	93,806	**96,227**	**800,758**
403,009	371,887	402,829	**431,477**	**3,590,555**
5,227	3,273	2,917	**6,069**	**50,503**
1,569	1,675	2,668	**4,230**	**35,200**
6,392	6,974	7,224	**7,704**	**64,109**
—	—	—	**—**	**—**
3,402	(771)	2,889	**4,183**	**34,849**
(2,925)	(2,997)	(3,081)	**(2,881)**	**(23,975)**
13,665	8,154	12,617	**19,305**	**160,648**
225,200	217,648	226,807	**248,906**	**2,071,282**
149,919	153,238	150,901	**153,235**	**1,275,152**
6,601	6,338	5,022	**4,543**	**37,805**
40,951	42,562	49,808	**50,593**	**421,012**
192,070	182,173	181,520	**202,220**	**1,682,783**
121,752	122,989	129,824	**117,672**	**979,213**
100,033	102,297	105,787	**111,791**	**930,274**
434	2,851	4,629	**9,631**	**80,144**
8,382	9,476	10,778	**15,963**	**132,837**
187,697	188,844	198,668	**188,990**	**1,572,689**
19,537	18,030	18,148	**11,780**	**98,028**
17,040	16,259	16,435	**16,406**	**136,523**
(18,289)	(14,025)	(18,998)	**(7,119)**	**(59,241)**
23,167	17,121	14,001	**15,869**	**132,055**
(6,915)	(5,175)	5,762	**(17,581)**	**(146,301)**
¥ 5.25	¥ 6.17	¥ 9.43	**¥ 17.74**	**$ 0.15**
—	—	—	**15.59**	**0.13**
184.71	193.33	203.03	**223.27**	**1.86**
2.00	3.00	4.00	**5.00**	**0.04**
4.9	3.7	5.8	**8.2**	
2.9	3.3	4.8	**8.3**	
23.8	25.0	25.5	**26.6**	
545,126	545,126	545,126	**545,126**	
4,902	5,063	4,984	**4,495**	**$ 37,405**
10,041	10,392	10,438	**13,335**	

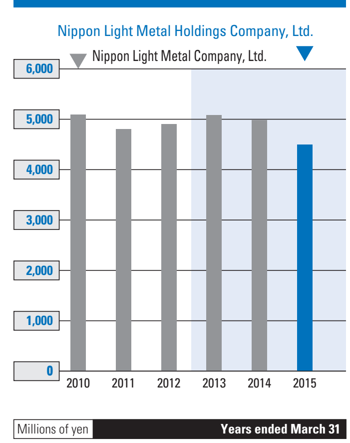
Return on Capital Employed (ROCE)



Return on Equity (ROE)



R&D Expenditures



Overview

The Japanese economy during fiscal 2014 (the year ended March 31, 2015) experienced a moderate recovery trend. Chief factors were a pickup in corporate earnings particularly among exporters, and in capital investment as well as an improvement in employment and income environment, which were attributable to economic stability in addition to persistent yen depreciation.

Overall domestic demand for aluminum products rose year on year. This was attributable to increase in exports owing to yen depreciation, and demand for trucks in connection with the reconstruction demand following the Great East Japan Earthquake, although shipments of aluminum for construction materials fell in a correction following the last-minute demand prior to the consumption tax hike, and sluggish growth in demand from exporters of standard-class automobiles.

Given these circumstances, the Group took measures to maximize consolidated earnings in line with the three basic policies under the new Mid-Term Management Plan (from fiscal 2013 to fiscal 2015), which is now into its second year. The three basic policies are as set out below.

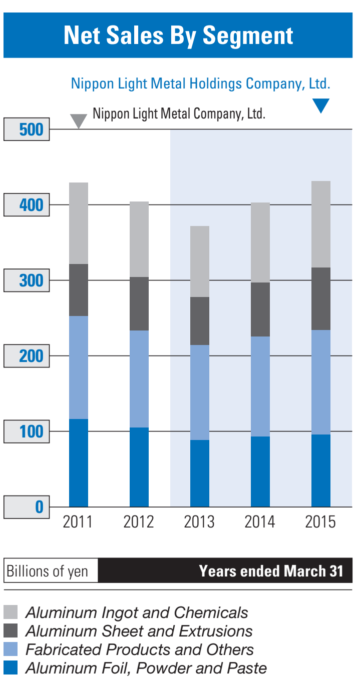
1. Business development through strategies by region and by sector
2. Creation of growth drivers through new products and businesses
3. Strengthening of corporate culture

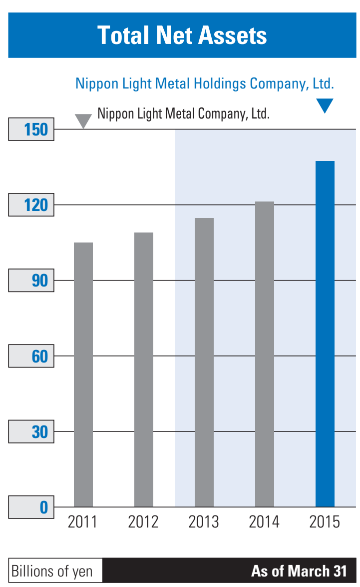
Specific measures included an additional acquisition of shares in Toyo Rikagaku Kenkyusho Co. Ltd., for which the Company took a stake in during the previous year, converting it into a subsidiary. The aim of this move was to strengthen processing operations which serves as a basis for development of the Group's aluminum sheet businesses.

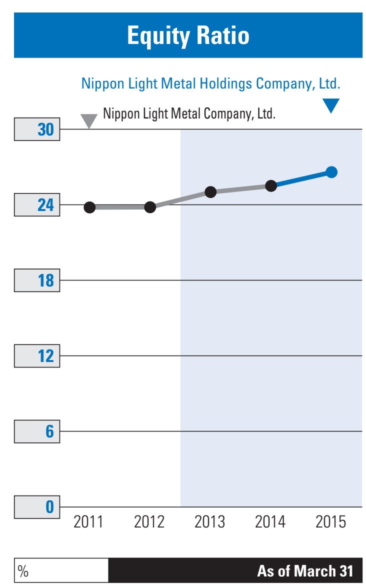
Furthermore, the development in Thailand and surrounding countries of cold chain, a transportation network of frozen and refrigerated food products, prompted us to take a stake in a local company and launch manufacture and sales businesses for a range of automotive body parts and for heat insulation panels.

In addition, the Group is taking proactive measures to step up the earnings capabilities of overseas businesses, including a decision to upgrade production facilities at local joint ventures to meet increasing demand for aluminum products for subway cars of which development is under way in China.

With regard to business results for the fiscal year ended March 31, 2015, both revenue and profit increased as indicated below. This was due to an increase in sales volumes for products and businesses such as the Alumina, Chemicals and Aluminum Ingot segment, the Aluminum Sheet and Extrusions segment, and the truck outfitting business. On the profit front, positive factors included a steady performance of equity method affiliates, and upward momentum in the aluminum ingot market prices which serve as a benchmark for sales prices.







Note: Numbers used for the year ended March 2010 have been revised according to the current segment categories. Numbers used for the year ended March 2010 do not include numbers form the Building Materials segment.

Overview of Consolidated Business Performance (Millions of yen)

	Fiscal year under review The year ended March 31, 2015	Fiscal year under review The year ended March 31, 2014	Changes in Comparison (Decrease in brackets) Changes [Percent changes]
Net sales	431,477	402,829	28,648 [7.1%]
Operating profit	19,305	12,617	6,688 [53.0%]
Ordinary profit	20,600	12,730	7,870 [61.8%]
Net income	9,645	5,128	4,517 [88.1%]
Net income per share (Yen)	17.74	9.43	8.31 [88.1%]

Earnings and Expenses

NLM Holdings' consolidated net sales for the fiscal year under review increased 7.1% year on year to ¥431.5 billion ($3,591 million). For sales and other financial performance by business segment, please see the Review of Operations on pages xx to xx.

The cost of sales was ¥354.5 billion ($2,950 million), and the cost of sales ratio was 82.2%. Selling, general and administrative expenses were ¥57.7 billion ($480 million). As a result, operating profit increased 53.0% year on year to ¥19.3 billion ($161 million).

Non-operating income totaled ¥6.7 billion ($56 million) during the year under review. Equity in earnings of affiliates increased 33.2% year on year to ¥2.1 billion ($17 million) and dividend income rose 31.3% year on year to ¥1.0 billion ($8.2 million). Non-operating expenses were ¥5.4 billion ($44.8 million). As a result, ordinary profit rose 61.8% year on year to ¥20.6 billion ($171.4 million).

Special gains totaled ¥3.9 billion ($32 million), reflecting recording of a gain on refund of investment securities due to capital reduction in the amount of ¥1.8 billion ($15.3 million) due to a partial refund of the invested capital in the completed overseas smelter project. Special losses were ¥8.3 billion ($69 million). This was due partly to loss on impairment of fixed assets of ¥6.2 billion ($52 million) in the alumina business of the Alumina and Chemicals segment.

As a result, income before income taxes and minority interests during the period under review was ¥16.2 billion ($135 million). Corporate, inhabitant and business taxes amounted to ¥4.2 billion ($35 million) and deferred income taxes during the fiscal year under review were ¥1 billion ($9 million). Income before minority interests was ¥11.0 billion ($91 million).

As a result of the above, net income in the fiscal year under review increased 88.1% year on year to ¥9.6 billion ($80 million). The average number of shares outstanding fell from 543,865 thousand in the previous year to 543,835 thousand. Accordingly, net income per share rose from ¥9.4 in the previous year to ¥17.7 ($0.15). The annual cash dividend per share increased by ¥1.0 year on year to ¥5.0 ($0.04), by resolution at the General Meeting of Shareholders held on June 24, 2015.

Overview of Consolidated Balance Sheets (Millions of yen)

	March 31, 2015	March 31, 2014	Changes in comparison
Total assets	457,277	432,538	24,739
Total liabilities	319,892	311,344	8,548
Net assets	137,385	121,194	16,191
Equity ratio (%)	26.6	25.5	1.1

Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2015 increased ¥24.7 billion year on year to ¥457.2 billion ($3,805 million). Total liabilities increased ¥8.5 billion year on year to ¥319.9 billion ($2,662 million). Interest-bearing debt decreased ¥9.7 billion year on year to ¥189.0 billion.

Total net assets increased ¥16.2 billion year on year to ¥137.4 billion ($1,143 million), thanks primarily to an increase in retained earnings due to the recording of net income in the fiscal year under review. Net assets per share increased ¥20.24 year on year to ¥223.27 ($1.86), while the equity ratio rose 1.1 percentage point year on year to 26.6%.

Cash Flows

Cash and cash equivalents on a consolidated basis as of March 31, 2015 fell ¥12.2 billion to ¥29.4 billion ($245 million).

Net cash provided by operating activities totaled ¥11.8 billion ($98 million). This was primarily due to recording net income before income taxes and minority interests, and depreciation and amortization. Net cash used in investing activities was ¥7.1 billion ($59 million). The main outflows were payments for purchases of fixed assets. Net cash used in financing activities totaled ¥17.6 billion ($146 million). The main outflows were ¥26.8 billion ($223 million) in repayments of long-term debt.

Outlook for Fiscal 2015

With regard to the Japanese economy for fiscal 2015, a moderate recovery is expected to continue, supported by recovery in corporate earnings centered on export sectors, which is led by the depreciation trend of the yen, and by an upturn in personal consumption due to improvement in the employment and income environment. However, with regard to overseas, concerns remain such as slower economic growth in China and South East Asia and significant volatility in crude oil and other fuel prices, despite prospects of solid recovery in the U.S. economy.

In light of the above, we forecast a slight increase in demand for aluminum products.

Our forecasts for the year ending March 31, 2016 are net sales of ¥460.0 billion, operating profit of ¥22.5 billion, ordinary profit of ¥21.0 billion, and net income attributable to the parent or its shareholders of ¥13.0 billion. We expect net income per share to total ¥23.90 and dividend per share of ¥5.0.

Consolidated Balance Sheets

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31,		
	2014	2015	2015
Assets	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Current assets:			
Cash and deposits (Notes 4 and 7)	¥ 41,654	¥ 29,823	$ 248,173
Notes and accounts receivable – trade (Note 7)	119,503	133,976	1,114,887
Finished products	21,501	27,865	231,880
Work-in-progress, including costs related to construction-type contracts	14,756	16,979	141,292
Raw material and supplies	15,469	22,808	189,798
Deferred tax assets (Note 10)	4,507	5,008	41,674
Other current assets	10,505	13,465	112,049
Allowance for doubtful accounts	(1,088)	(1,018)	(8,471)
Total current assets	226,807	248,906	2,071,282
Property, plant and equipment (Note 6):			
Land	54,698	54,997	457,660
Buildings and structures	127,607	131,397	1,093,426
Machinery and equipment	259,352	272,900	2,270,949
Tools, furniture and fixtures	29,219	31,451	261,721
Construction-in-progress	4,096	5,158	42,923
Accumulated depreciation	(324,071)	(342,668)	(2,851,527)
Total property, plant and equipment	150,901	153,235	1,275,152
Intangible assets:			
Goodwill	1,262	1,006	8,371
Other intangible assets (Note 6)	3,760	3,537	29,434
Total intangible assets	5,022	4,543	37,805
Investments and other assets:			
Investment securities (Notes 5, 6 and 7)	34,460	36,899	307,057
Deferred tax assets (Note 10)	10,602	9,146	76,109
Other assets	5,222	5,035	41,899
Allowance for doubtful accounts	(476)	(487)	(4,053)
Total investments and other assets	49,808	50,593	421,012
Total assets	¥ 432,538	¥ 457,277	$3,805,251

Liabilities and net assets	March 31, 2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Current liabilities:			
Short-term borrowings (Notes 6 and 7)	¥ 62,217	¥ 70,108	$ 583,407
Current portion of long-term debt (Notes 6 and 7)	29,434	26,562	221,037
Notes and accounts payable – trade (Note 7)	63,279	69,060	574,686
Income taxes payable	2,287	2,392	19,905
Other current liabilities	24,303	34,098	283,748
Total current liabilities	181,520	202,220	1,682,783
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	110,968	95,924	798,236
Liabilities for retirement benefits (Note 9)	17,130	18,797	156,420
Deferred tax liabilities on land revaluation surplus (Notes 10 and 12)	452	410	3,412
Other long-term liabilities (Notes 6, 7 and 10)	1,274	2,541	21,145
Total long-term liabilities	129,824	117,672	979,213
Total liabilities	311,344	319,892	2,661,996
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 2,000,000,000 shares			
Issued: 545,126,049 shares	39,085	39,085	325,248
Additional paid-in capital	11,179	11,179	93,027
Retained earnings	55,633	61,639	512,932
Treasury stock, at cost (1,285,818 shares in 2014 and1,295,748 shares in 2015)	(110)	(112)	(933)
Total shareholders' equity	105,787	111,791	930,274
Accumulated other comprehensive income:			
Net unrealized gains on securities (Note 5)	2,399	3,493	29,067
Net unrealized losses on hedges (Note 13)	(10)	(25)	(209)
Revaluation surplus (Note 12)	145	145	1,207
Foreign currency translation adjustments	2,978	6,198	51,577
Remeasurements of defined benefits plans	(883)	(180)	(1,498)
Total accumulated other comprehensive income	4,629	9,631	80,144
Minority interests in consolidated subsidiaries	10,778	15,963	132,837
Total net assets	121,194	137,385	1,143,255
Contingent liabilities (Note 15)			
Total liabilities and net assets	¥432,538	¥457,277	$3,805,251

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31, 2014	March 31, 2015	2015
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net sales	¥402,829	¥431,477	$3,590,555
Cost of sales (Note 14)	333,826	354,490	2,949,904
Gross profit	69,003	76,987	640,651
Selling, general and administrative expenses (Note 14)	56,386	57,682	480,003
Operating profit	12,617	19,305	160,648
Non-operating income:			
Interest income	72	83	691
Dividend income	753	989	8,230
Equity in earnings of affiliates	1,574	2,097	17,450
Foreign exchange gains	691	1,045	8,696
Rental income	628	666	5,542
Other	1,285	1,795	14,937
Total non-operating income	5,003	6,675	55,546
Non-operating expenses:			
Interest expense	2,725	2,382	19,822
Rental expense	436	539	4,485
Other	1,729	2,459	20,463
Total non-operating expenses	4,890	5,380	44,770
Ordinary profit	12,730	20,600	171,424
Special gains:			
Gain on refund of investment securities due to capital reduction	—	1,845	15,353
Gain on sales of fixed assets (Note 14)	—	1,397	11,625
Gain on negative goodwill	—	604	5,026
Total special gains	—	3,846	32,004
Special losses:			
Loss on impairment of fixed assets (Note 16)	—	6,201	51,602
Cost of corrective measures for products	—	920	7,656
Environmental expenses	744	573	4,768
Loss on step acquisitions	—	569	4,735
Loss on closing plant (Note 16)	996	—	—
Loss on disposal of fixed assets (Note 17)	612	—	—
Total special losses	2,352	8,263	68,761
Income before income taxes and minority interests	10,378	16,183	134,667
Income taxes (Note 10):			
Current	3,484	4,161	34,626
Deferred	406	1,049	8,729
	3,890	5,210	43,355
Income before minority interests	6,488	10,973	91,312
Minority interests in net income of consolidated subsidiaries	1,360	1,328	11,051
Net income	¥ 5,128	¥ 9,645	$ 80,261
	(Yen)		(U.S. dollars) (Note 3)
Per share of common stock (Note 18):			
Net asset	¥ 203.03	¥ 223.27	$ 1.86
Net income	9.43	17.74	0.15
Cash dividends	4.00	5.00	0.04

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31, 2014	March 31, 2015	2015
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Income before minority interests	¥6,488	**¥10,973**	**$ 91,312**
Other comprehensive income			
Net unrealized gains on securities	876	**1,104**	**9,187**
Net unrealized gains (losses) on hedges	13	**(15)**	**(125)**
Foreign currency translation adjustments	1,223	**2,317**	**19,281**
Remeasurements of defined benefit plans	—	**761**	**6,333**
Equity of other comprehensive income of affiliates	892	**1,524**	**12,682**
Total other comprehensive income (Note 8)	3,004	**5,691**	**47,358**
Comprehensive income	¥9,492	**¥16,664**	**$138,670**
Attributable to:			
Shareholders of the parent	¥7,789	**¥14,647**	**$121,886**
Minority interests	1,703	**2,017**	**16,784**
	¥9,492	**¥16,664**	**$138,670**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements Of Changes In Net Assets

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

2014

	Shareholders' equity				Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation surplus (Note 12)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Minority interests in consolidated subsidiaries	Total net assets
	(Millions of yen)										
Balance at April 1, 2013	¥39,085	¥11,179	¥52,137	¥(104)	¥1,504	¥(23)	¥145	¥1,225	¥ —	¥ 8,382	¥108,849
Cumulative effects of changes in accounting policies											
Restated balance at the beginning of the year	39,085	11,179	52,137	(104)	1,504	(23)	145	1,225	—	9,476	114,624
Net income			5,128								5,128
Cash dividends			(1,632)								(1,632)
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries											
Net increase in treasury stock				(6)							(6)
Net unrealized gains on securities (Note 5)					895						895
Net unrealized gains on hedges						13					13
Foreign currency translation adjustments								1,753			1,753
Remeasurements of defined benefits plans									(883)		(883)
Net increase in minority interests in consolidated subsidiaries										1,302	1,302
Balance at March 31, 2014	¥39,085	¥11,179	¥55,633	¥(110)	¥2,399	¥(10)	¥145	¥2,978	¥ (883)	¥10,778	¥121,194

2015

	Shareholders' equity				Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation surplus (Note 12)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Minority interests in consolidated subsidiaries	Total net assets
	(Millions of yen)										
Balance at April 1, 2014	¥ 39,085	¥ 11,179	¥ 55,633	¥ (110)	¥ 2,399	¥ (10)	¥ 145	¥ 2,978	¥ (883)	¥ 10,778	¥ 121,194
Cumulative effects of changes in accounting policies			(1,557)								(1,557)
Restated balance at the beginning of the year	39,085	11,179	54,076	(110)	2,399	(10)	145	2,978	(883)	10,778	119,637
Net income			9,645								9,645
Cash dividends			(2,176)								(2,176)
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries			94								94
Net increase in treasury stock				(2)							(2)
Net unrealized gains on securities (Note 5)					1,094						1,094
Net unrealized gains on hedges						(15)					(15)
Foreign currency translation adjustments								3,220			3,220
Remeasurements of defined benefits plans									703		703
Net increase in minority interests in consolidated subsidiaries										5,185	5,185
Balance at March 31, 2015	¥39,085	¥11,179	¥61,639	¥(112)	¥3,493	¥(25)	¥145	¥6,198	¥(180)	¥15,963	¥137,385

2015

	Shareholders' equity				Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation surplus (Note 12)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Minority interests in consolidated subsidiaries	Total net assets
	(Thousands of U.S. dollars) (Note 3)										
Balance at April 1, 2014	$ 325,248	$ 93,027	$ 462,954	$ (915)	$ 19,963	$ (83)	$ 1,207	$ 24,782	$ (7,348)	$ 89,690	$ 1,008,525
Cumulative effects of changes in accounting policies			(12,957)								(12,957)
Restated balance at the beginning of the year	325,248	93,027	449,997	(915)	19,963	(83)	1,207	24,782	(7,348)	89,690	995,568
Net income			80,261								80,261
Cash dividends			(18,108)								(18,108)
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries			782								782
Net increase in treasury stock				(18)							(18)
Net unrealized gains on securities (Note 5)					9,104						9,104
Net unrealized gains on hedges						(126)					(126)
Foreign currency translation adjustments								26,795			26,795
Remeasurements of defined benefits plans									5,850		5,850
Net increase in minority interests in consolidated subsidiaries										43,147	43,147
Balance at March 31, 2015	$325,248	$93,027	$512,932	$ (933)	$29,067	$ (209)	$ 1,207	$51,577	$ (1,498)	$132,837	$1,143,255

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31, 2014	March 31, 2015	2015
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 10,378	¥ 16,183	$ 134,667
Depreciation and amortization	16,435	16,406	136,523
Loss on impairment of fixed assets	—	6,201	51,602
Cost of corrective measures for products	—	920	7,656
Environmental expenses	744	573	4,768
Loss on step acquisitions	—	569	4,735
Loss on closing plant	996	—	—
Loss on disposal of fixed assets	612	—	—
Gain on refund investment securities due to capital reduction	—	(1,845)	(15,353)
Gain on sales of fixed assets	—	(1,397)	(11,625)
Gain on negative goodwill	—	(604)	(5,026)
Increase in allowance for doubtful accounts	(169)	(43)	(358)
Decrease in liability for retirement benefit	(744)	(185)	(1,539)
Interest and dividend income	(825)	(1,072)	(8,921)
Interest expense	2,725	2,382	19,822
Equity in earnings of affiliates	(1,574)	(2,097)	(17,450)
Increase in notes and accounts receivable – trade	(4,264)	(10,412)	(86,644)
(Increase) decrease in inventories	3,571	(12,811)	(106,607)
Increase (decrease) in notes and accounts payable – trade	(132)	846	7,040
Other	(4,587)	4,310	35,865
Subtotal	23,166	17,924	149,155
Interest and dividend income received	1,037	1,602	13,331
Interest paid	(2,733)	(2,462)	(20,488)
Income taxes paid	(3,322)	(5,284)	(43,970)
Net cash provided by operating activities	18,148	11,780	98,028
Cash flows from investing activities			
Payments into time deposits	(51)	(380)	(3,162)
Proceeds from withdrawal of time deposits	59	414	3,445
Payments for purchases of fixed assets	(13,972)	(13,062)	(108,696)
Proceeds from sales of fixed assets	138	2,077	17,284
Payments for purchases of investment securities	(4,558)	(916)	(7,623)
Proceeds from refund of investment securities due to capital reduction	—	3,686	30,673
Proceeds from acquisition of shares of subsidiaries resulting into change in scope of consolidation	—	1,190	9,903
Payments of loans receivable	(224)	(272)	(2,263)
Collection of loans receivable	31	16	133
Other	(421)	128	1,065
Net cash used in investing activities	(18,998)	(7,119)	(59,241)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(3,063)	4,896	40,742
Proceeds from long-term debt	21,435	10,236	85,179
Repayments of long-term debt	(23,984)	(26,774)	(222,801)
Proceeds from issuance of bonds	15,000	—	—
Redemption of bonds	(173)	(2,000)	(16,643)
Cash dividends paid	(1,622)	(2,165)	(18,016)
Cash dividends paid to minority interests	(460)	(555)	(4,618)
Other	(1,371)	(1,219)	(10,144)
Net cash provided by (used in) financing activities	5,762	(17,581)	(146,301)
Effect of exchange rate changes on cash and cash equivalents	723	744	6,191
Net increase (decrease) in cash and cash equivalents	5,635	(12,176)	(101,323)
Cash and cash equivalents at beginning of the year	35,962	41,597	346,151
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	12	100
Cash and cash equivalents at end of the year (Note 4)	¥ 41,597	¥ 29,433	$ 244,928

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements of Nippon Light Metal Holdings Company, Ltd. (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. The notes to the consolidated financial statements include certain financial information which is not required under accounting principles generally accepted in Japan, but is presented herein as additional information. The accompanying consolidated financial statements include certain reclassifications for the purpose of presenting them in a form familiar to readers outside Japan.

(b) Principles of consolidation and accounting for investments in affiliates

The accompanying 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 have been eliminated in consolidation.

Investments in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method, except that investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial.

The difference between the cost and the underlying net assets of investments in consolidated subsidiaries or affiliates accounted for by the equity method has been allocated to identifiable assets based on fair value at the respective dates of acquisition. Any unassigned residual amount is recognized as goodwill and amortized by the straight-line method over an estimated useful life, 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. The resulting gains and losses are included in net loss for the year.

Assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Income statement accounts for the year are translated into Japanese yen using the average exchange rates during the year. The resulting translation adjustments are accounted for as foreign currency translation adjustments, 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 of cash in hand, bank deposits available for withdrawal on demand and short-term investments with an original maturity of three months or less and which are exposed to a minor risk of fluctuation in value.

(e) Inventories

Inventories are principally stated at cost, determined by the moving average method, except that the specific identification method is applied to costs related to construction-type contracts. In addition, the amount of Balance Sheet is calculated by write-down method based on descent of profitability.

(f) Investment securities

Securities other than equity securities issued by subsidiaries and affiliates are classified into held-to-maturity securities or available-for-sale securities.

Held-to-maturity securities are stated at amortized cost. Available-for-sale securities for which market quotations are available are stated at fair value with net unrealized gains or losses being included in net assets, net of the related taxes. Available-for-sale securities for which market quotations are not available are stated at cost. Realized gains and losses on sales are determined using the average cost method and are included in net income for the year.

In cases where the fair value of held-to-maturity securities or available-for-sale securities has declined significantly and such impairment is other than temporary, such securities are written down to fair value and the resulting losses are charged to income for the year.

(g) Allowance for doubtful accounts

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-collectible 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, ranging from 2 years to 60 years for buildings and structures, and from 2 years to 22 years for machinery and equipment.

(i) Intangible assets

Intangible assets are amortized by the straight-line method over their respective estimated useful lives. 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 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.

(j) Retirement benefits

1) The retirement benefit obligation for employees is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.
2) Prior service cost is being amortized as incurred mainly by the straight-line method over the period of 15 years which is shorter than the average remaining number of years of service of the employees. Unrecognized actuarial gain or loss is amortized by the declining-balance method over a period of 12 years from the year following that in which it arises, except for unrecognized costs with respect to employees who retired under the early retirement program which were fully amortized at the time of the employees' retirement.

(k) Lease transactions

Finance leases without options to transfer ownership of the leased assets to the lessee are accounted for as ordinary sale and purchase transactions. These leased assets are depreciated to their respective salvage value of zero using the straight-line method over a period of leasing term. Finance leases with options to transfer ownership of the leased assets to the lessee are depreciated by the same method applied to the fixed assets owned by the Company.

(l) Income taxes

The income taxes of the Company and its domestic consolidated 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 consolidated subsidiaries apply the deferred tax accounting method. Deferred tax assets and liabilities are determined using the asset and liability approach, and recognized for temporary differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements.

(m) Derivatives

All derivatives are stated at fair value with changes in fair value being included in net income for the year in which they arise, except for derivatives designated as hedging instruments.

The Company and its consolidated subsidiaries use derivatives to reduce their exposure to fluctuation in foreign exchange rates, interest rates, and the prices of aluminum ingot in the market. Derivatives designated as hedging instruments are principally forward foreign exchange contracts, interest rate swap contracts and aluminum ingot forward contracts. The underlying hedged items are trade accounts receivable and payable, long-term bank loans and sales or purchases of aluminum ingot.

Gains and losses arising from changes in fair value of derivatives designated as hedging instruments are deferred and included in net income in the same period in which the corresponding gains and losses on the underlying hedged items or transactions are recognized. The Company and its consolidated subsidiaries 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 in interest expense over the term of the agreements.

The Company and its consolidated subsidiaries evaluate the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the underlying hedged items from the commencement of the hedges.

(n) Research and development costs

Research and development costs are charged to income as incurred.

(o) Appropriation of retained earnings

Appropriation of retained earnings is reflected in the consolidated financial statements for the year in which the appropriation is approved at an ordinary general meeting of shareholders.

The Company's retained earnings consist of unappropriated retained earnings and a legal reserve as required by the Corporation Law of Japan. The Corporation Law provides that an amount equal to 10% of distributions from unappropriated retained earnings paid by the Company and its Japanese subsidiaries be appropriated to the legal reserve. Such appropriations are no longer required when the total amount of additional paid-in capital and the legal reserve equals 25% of their respective stated capital.

Under the Corporation Law, the Company is permitted to transfer to unappropriated retained earnings the portion of its statutory reserve (additional paid-in capital and the legal reserve) in excess of 25% of common stock upon approval at a shareholders' meeting. Any such transferred portion is available for dividend distribution.

(p) Net income per share

Basic net income per share of common stock, presented in the accompanying consolidated statements of income, is computed based on the weighted average number of shares outstanding during each year.

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 the related interest expense on a net of tax basis.

(q) Reclassifications

Certain reclassifications of previously reported amounts have been made to conform them to the current year's classifications.

2. ACCOUNTING CHANGE

The Company and its domestic subsidiaries adopted Section 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012) and the main clause of Section 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015) effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, the liability for retirement benefits increased by ¥2,320 million ($19,305 thousand) and retained earnings decreased by ¥1,557 million ($12,957 thousand) at April 1, 2014.

3. U.S. DOLLAR AMOUNTS

The rate of ¥120.17 = U.S.$1, the approximate exchange rate prevailing at March 31, 2015, has been used for the purpose of presenting the U.S. dollar amounts in the accompanying consolidated financial statements. These amounts are included solely for the convenience of the reader. Accordingly, they should not be construed as representations that yen amounts actually represent, or have been or could be readily converted, realized or settled in U.S. dollars at that rate.

4. CASH AND CASH EQUIVALENTS

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to cash and deposits disclosed in the accompanying consolidated balance sheets at March 31, 2014 and 2015 is summarized as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥41,654	**¥29,823**	**$248,173**
Time deposits with maturities in excess of 3 months	(57)	**(390)**	**(3,245)**
Cash and cash equivalents	¥41,597	**¥29,433**	**$244,928**

5. INVESTMENT SECURITIES

(a) Available-for-sale securities with available market quotations

The aggregate cost, carrying amount and gross unrealized gains and losses of available-for-sale securities comprising equity securities with available market quotations at March 31, 2014 and 2015 was as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Cost	¥2,823	¥2,895	$24,091
Unrealized gains	3,413	4,723	39,303
Unrealized losses	(83)	(19)	(158)
Carrying amount	¥6,153	¥7,599	$63,236

(b) Sales of available-for-sale securities

The realized gains on sales of available-for-sale securities for the years ended March 31, 2014 and 2015 was as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Sales proceeds	¥45	¥109	$907
Realized gains on sales	35	87	724
Realized losses on sales	5	—	—

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2015 bore interest at annual rates ranging from 0.00% to 7.20% and mainly consisted of bank loans and short-term notes maturing at various dates within one year.

Long-term debt at March 31, 2014 and 2015 comprised the following:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Loans, principally from banks and insurance companies due from 2016 to 2072 with interest rates ranging from 0.32% to 6.90%:			
Secured	¥ 8,691	¥ 6,521	$ 54,265
Unsecured	106,942	93,440	777,564
Convertible bonds due December 10, 2018 (*1)	15,000	15,000	124,823
Unsecured 2.70% bonds due March 29, 2072, redeemable before due date	3,200	3,200	26,629
Unsecured 1.03% bonds due September 30, 2014, redeemable before due date	2,000	—	—
Unsecured 1.50% bonds due June 1, 2017, redeemable before due date	618	721	6,000
Capital lease obligations due from 2015 to 2029 with interest rates ranging from 1.17% to 7.20%	3,951	3,604	29,992
	140,402	122,486	1,019,273
Less: portion due within one year	(29,434)	(26,562)	(221,037)
Total long-term debt	¥110,968	¥95,924	$ 798,236

(*1) The details of the convertible bonds due December 10, 2018 are summarized as follows:

Stock type to be issued:	Common stock
Issue price per stock acquisition right:	None
Initial exercise price:	¥200 per share
Total issue price:	¥15,000 million
Exercisable period of stock acquisition rights:	From December 23, 2013 to November 26, 2018

A summary of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2014 and 2015 as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Property, plant and equipment	¥ 46,133	¥ 42,254	$ 351,619
Investment securities	67	66	549
Other intangible assets	385	408	3,395

The aggregate annual maturities of long-term debt outstanding at March 31, 2015 are summarized as follows:

Years ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2016	¥ 26,562	$ 221,037
2017	24,247	201,772
2018	20,255	168,553
2019	30,478	253,624
2020	7,850	65,325
Thereafter	13,094	108,962
	¥122,486	$1,019,273

7. FINANCIAL INSTRUMENTS

(a) Overview

1. Policy for financial instruments

The Company and its consolidated subsidiaries (the "Group") strive to diversify financing methods by managing temporary cash surpluses primarily through short-term deposits, and by raising funds through bank borrowings and corporate bonds. The Group utilizes various derivative financial instruments such as interest rate swaps, forward foreign exchange contracts, and forward trading in aluminum ingots for the purpose of reducing risk and does not enter into derivative transactions for speculative or trading purposes.

2. Types of financial instruments and related risk, and risk management for financial instruments

Notes and accounts receivable – trade are exposed to credit risk in relation to customers. The Group manages the risks by controlling the due dates and outstanding balances by individual customers. Accounts receivable – trade denominated in foreign currencies are exposed to risk of exchange fluctuations and are hedged by utilizing forward foreign exchange contracts. Stocks of investment securities, which are exposed to market fluctuations, are mainly those of other companies with which the Group has business relationships. The Group periodically reviews the fair values of such stocks and the financial position of the issuers.

Notes and accounts payable – trade, have payment due dates approximately within one year.

Short-term borrowings are raised mainly in connection with business activities, and long-term borrowings are taken out principally for the purpose of making capital investments. Variable rate borrowings are exposed to interest rate fluctuation risk. However, in order to reduce such risk and fix interest expenses, the Group utilizes interest rate swap transactions as a hedging instrument for each individual contract. Assessment of the effectiveness of hedging activities, which meets the requirements for special treatment of interest rate swaps, is omitted.

The execution and management of derivative transactions is performed based on the control procedure designated in management policy. In addition, to reduce credit risk, utilizing derivative instruments is restricted to only highly rated financial institutions and major trading companies.

Notes and accounts payable – trade and borrowings, the Group prepares its cash flow plans to manage liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates).

3. Supplementary explanation of the estimated fair value of financial instruments

The notional amounts of derivatives in "(b) Estimated Fair Value of Financial Instruments," are not necessarily indicative of the actual market risk involved in the derivative transactions.

(b) Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the consolidated balance sheets as of March 31, 2014 and 2015 and estimated fair value is as follows:

	2014		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Millions of yen)		
(1) Cash and deposits	¥ 41,654	¥ 41,654	¥ —
(2) Notes and accounts receivable – trade	119,503	119,503	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	4,146	1,574	(2,572)
Other securities	6,153	6,153	—
(4) Notes and accounts payable-trade	(63,279)	(63,279)	—
(5) Short-term borrowings *2	(62,217)	(62,217)	—
(6) Bonds	(20,818)	(20,083)	735
(7) Long-term borrowings *2	(115,633)	(115,956)	(323)
(8) Derivatives	(29)	(29)	—

**1 Liabilities are shown in parenthesis.*
**2 The current portion of long-term borrowings is included in long-term borrowings.*

The carrying value of financial instruments on the consolidated balance sheets as of March 31, 2014 and 2015 and estimated fair value is as follows:

	2015		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Millions of yen)		
(1) Cash and deposits	¥ 29,823	¥ 29,823	¥ —
(2) Notes and accounts receivable – trade	133,976	133,976	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	4,696	2,264	(2,432)
Other securities	7,599	7,599	—
(4) Notes and accounts payable-trade	(69,060)	(69,060)	—
(5) Short-term borrowings *2	(70,108)	(70,108)	—
(6) Bonds	(18,921)	(18,359)	562
(7) Long-term borrowings *2	(99,961)	(100,273)	(312)
(8) Derivatives	(43)	(43)	—

	2015		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Thousands of U.S. dollars)		
(1) Cash and deposits	$ 248,173	$ 248,173	$ —
(2) Notes and accounts receivable – trade	1,114,887	1,114,887	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	39,078	18,840	(20,238)
Other securities	63,235	63,235	—
(4) Notes and accounts payable-trade	(574,686)	(574,686)	—
(5) Short-term borrowings *2	(583,407)	(583,407)	—
(6) Bonds	(157,452)	(152,775)	4,677
(7) Long-term borrowings *2	(831,830)	(834,426)	(2,596)
(8) Derivatives	(358)	(358)	—

**1 Liabilities are shown in parenthesis.*
**2 The current portion of long-term borrowings is included in long-term borrowings.*

Notes

1. Method for determining the estimated fair value of financial instruments and other matters related to securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable – trade

Since these items are settled in a short period of time, their carrying value approximates fair value.

(3) Investment securities

The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, refer to Note 5 "Investment Securities."

(4) Notes and accounts payable – trade, (5) Short-term borrowings

Since these items are settled in a short period of time, their carrying value approximates fair value.

(6) Bonds

The fair value of bonds is based on the present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

(7) Long-term borrowings

The fair value of long-term borrowings is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into.

(8) Derivatives

Refer to Note 13, "Derivatives" of the notes the consolidated financial statements.

2. Unlisted stock of ¥24,161 million and ¥24,604 million ($204,743 thousand) as of March 31, 2014 and 2015 are not included in "(3) Investment securities" because no quoted market prices are available and it is extremely difficult to measure the fair value.

3. The redemption schedule for receivables and marketable securities with maturities at March 31, 2014 and 2015 are as follows:

	2014			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Millions of yen)			
Cash and deposits	¥ 41,621	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	119,503	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	2	7	4	—
Corporate debt securities	—	10	—	—
	¥ 161,126	¥ 17	¥ 4	¥ —

	2015			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Millions of yen)			
Cash and deposits	¥ 29,777	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	133,976	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	2	7	3	—
Corporate debt securities	—	—	—	—
	¥163,755	¥ 7	¥ 3	¥ —

	2015			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Thousands of U.S. dollars)			
Cash and deposits	$ 247,791	$ —	$ —	$ —
Notes and accounts receivable-trade	1,114,887	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	17	58	25	—
Corporate debt securities	—	—	—	—
	$1,362,695	$ 58	$ 25	$ —

4. The redemption schedule for bonds and long-term borrowings at March 31, 2014 and 2015 are as follows:

	2014		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds	¥ 2,000	¥ 15,618	¥ 3,200
Long-term borrowings	26,384	79,814	9,435
	¥ 28,384	¥ 95,432	¥ 12,635

	2015		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds	¥ —	¥ 15,721	¥ 3,200
Long-term borrowings	25,710	65,012	9,239
	¥ 25,710	¥ 80,733	¥ 12,439

	2015		
	Due within one year	Due after one year but within five years	Due after five years
	(Thousands of U.S. dollars)		
Bonds	$ —	$ 130,823	$ 26,629
Long-term borrowings	213,947	541,000	76,883
	$ 213,947	$ 671,823	$ 103,512

8. OTHER COMPREHENSIVE INCOME

Each component of other comprehensive income for the year ended March 31, 2014 and 2015 were as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Unrealized gains on securities:			
Amount arising during the year	¥ 1,335	¥ 1,411	$ 11,742
Reclassification adjustments for gains and losses realized in net income	2	—	—
Before-tax amount	1,337	1,411	11,742
Tax benefit	(461)	(307)	(2,555)
Net-of-tax amount	876	1,104	9,187
Unrealized gains (losses) on hedges:			
Amount arising during the year	(3)	77	641
Reclassification adjustments for gains and losses realized in net income	20	(96)	(799)
Before-tax amount	17	(19)	(158)
Tax benefit	(4)	4	33
Net-of-tax amount	13	(15)	(125)
Foreign currency translation adjustments:			
Amount arising during the year	1,223	2,317	19,281
Remeasurements of defined benefit plans:			
Amount arising during the year	—	869	7,231
Reclassification adjustments for gains and losses realized in net income	—	(342)	(2,846)
Before-tax amount	—	527	4,385
Tax benefit	—	234	1,948
Net-of-tax amount	—	761	6,333
Equity of other comprehensive income of affiliates:			
Amount arising during the year	892	1,524	12,682
Total other comprehensive income	¥ 3,004	¥ 5,691	$ 47,358

9. RETIREMENT BENEFIT PLANS

The Company and its domestic subsidiaries have defined benefit corporate pension plans and a lump-sum payment retirement benefit plans covering substantially all employees in Japan. Additional benefits may be granted to employees according to the conditions under which termination of employment occurs. Certain consolidated subsidiaries use the simplified method for calculation of retirement benefit obligation. Certain foreign subsidiaries have defined contribution pension plans.

The changes in the retirement benefit obligation during the years ended March 31, 2014 and 2015 are as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year	¥31,294	¥31,391	$ 261,222
Cumulative effects of changes in accounting policies	—	2,320	19,306
Restated balance at the beginning of the year	31,294	33,711	280,528
Increase by acquisition of a consolidated subsidiary	—	983	8,180
Service cost	1,451	1,868	15,545
Interest cost	445	442	3,678
Actuarial gain or loss	(48)	451	3,753
Retirement benefits paid	(1,751)	(1,639)	(13,639)
Others	—	444	3,694
Balance at the end of the year	¥31,391	¥36,260	$ 301,739

The changes in plan assets during the years ended March 31, 2014 and 2015 are as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year	¥18,323	¥20,546	$170,974
Increase by acquisition of a consolidated subsidiary	—	486	4,044
Expected return on plan assets	254	334	2,779
Actuarial gain or loss	1,124	1,320	10,984
Employer contributions	1,952	1,937	16,119
Retirement benefits paid	(1,151)	(1,195)	(9,944)
Others	44	355	2,955
Balance at the end of the year	¥20,546	¥23,783	$197,911

The changes in liability for retirement benefits on the simplified method during the years ended March 31, 2014 and 2015 are as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year	¥ 6,532	¥ 6,285	$ 52,301
Retirement benefit expenses	694	794	6,607
Retirement benefits paid	(469)	(390)	(3,245)
Contributions for the plans	(472)	(369)	(3,071)
Balance at the end of the year	¥ 6,285	¥ 6,320	$ 52,592

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2014 and 2015 for the defined benefit plans:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Funded retirement benefit obligation	¥ 38,339	¥ 43,449	$ 361,563
Fair value of plan assets	(23,259)	(26,856)	(223,484)
	15,080	16,593	138,079
Unfunded retirement benefit obligation	2,050	2,204	18,341
Net liability for retirement benefits in the consolidated balance sheets	¥ 17,130	¥ 18,797	$ 156,420
Liability for retirement benefits	¥ 17,130	¥ 18,797	$ 156,420
Net liability for retirement benefits in the consolidated balance sheets	¥ 17,130	¥ 18,797	$ 156,420

The components of retirement benefit expenses for the years ended March 31, 2014 and 2015 are as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 1,451	¥ 1,868	$ 15,545
Interest cost	445	442	3,678
Expected return on plan assets	(254)	(334)	(2,779)
Amortization of unrecognized actuarial gain or loss	520	176	1,465
Amortization of prior service cost	(40)	(28)	(234)
Retirement benefit expenses on the simplified method	694	785	6,532
Retirement benefit expenses on the defined benefit plan	¥ 2,816	¥ 2,909	$ 24,207

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2014 and 2015 are as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Prior service cost	¥ —	¥ 78	$ 649
Actuarial loss	—	(605)	(5,035)
Total	¥ —	¥ (527)	$ (4,386)

Remeasurements of defined benefits plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 and 2015 as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Unrecognized prior service cost	¥ (330)	¥ (252)	$ (2,097)
Unrecognized actuarial gain or loss	1,203	598	4,976
Total	¥ 873	¥ 346	$ 2,879

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 and 2015 as follows:

	2014	2015
General account	34%	32%
Domestic bonds	17%	21%
Foreign stocks	16%	15%
Domestic stocks	15%	13%
Foreign bonds	8%	9%
Others	10%	10%
Total	100%	100%

The total fair value of plan assets includes 4% and 3% of the retirement benefit trust set to the corporate pension plan at March 31, 2014 and 2015 separately.

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2014	2015
Discount rate	1.5%	1.0%
Expected rate of return on plan assets	1.5%	1.0%

Required contribution of the consolidated subsidiaries for the defined contribution pension plans as of March 31, 2014 and 2015 as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Required contribution	¥ 2	¥ 3	$ 25

The Company and its domestic consolidated subsidiaries have defined benefit corporate pension plans and a non-contributory plan covering

10. INCOME TAXES

Significant components of deferred tax assets and liabilities at March 31, 2014 and 2015 were as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Tax loss carry forwards	¥19,614	¥15,249	$126,895
Net defined benefit liabilities	5,943	6,243	51,951
Unrealized intercompany loss	3,254	2,906	24,182
Accrued bonuses	1,840	1,679	13,972
Allowance for doubtful accounts	1,812	1,702	14,163
Loss on disposal of fixed assets	918	827	6,882
Other	9,377	10,201	84,889
Total deferred tax assets	42,758	38,807	322,934
Valuation allowance	(23,942)	(21,087)	(175,476)
Total deferred tax assets, net of valuation allowance	18,816	17,720	147,458
Deferred tax liabilities:			
Unrealized gain on securities	(1,187)	(1,494)	(12,432)
Revaluation gain on subsidiaries	(1,134)	(1,029)	(8,563)
Unrealized intercompany profit	(1,061)	(962)	(8,005)
Negative Goodwill	(390)	—	—
Other	(417)	(809)	(6,732)
Total deferred tax liabilities	(4,189)	(4,294)	(35,733)
Net deferred tax assets	¥14,627	¥13,426	$111,725

Deferred tax assets and liabilities that comprise net deferred tax assets are included in the accompanying consolidated balance sheets as follows:

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets (current assets)	¥ 4,507	¥ 5,008	$ 41,674
Deferred tax assets (investments and other assets)	10,602	9,146	76,109
Other long-term liabilities	(482)	(728)	(6,058)

In addition to the above, the Company recorded deferred tax liabilities on land revaluation surplus of ¥452 million and ¥410 million ($3,412 thousand) at March 31, 2014 and 2015 separately.

A reconciliation of the differences between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2014 and 2015 was summarized as follows:

	2014	2015
Statutory income tax rate	—	35.6%
Increase (decrease) in taxes resulting from:		
Decrease in deferred tax assets due to a change in tax rate		11.9
Amortization of goodwill		1.5
Permanent non-deductible expenses		1.1
Inhabitant taxes per capita		1.0
Valuation allowance		(12.9)
Equity in earnings of affiliates		(4.6)
Other		(1.4)
Effective income tax rate		32.2%

Since the difference between the statutory income tax rate and effective income tax rate was equal or less than 5% of the statutory income tax rate, the reconciliation for the year ended March 31, 2014 is not presented.

The "Act for Partial Amendment of the Income Tax Act, etc." (ACT No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.6% to 33.1% and 32.3% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015 and for the temporary differences expected to be realized or settled from April 1, 2016, respectively. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥685 million ($5,700 thousand) and deferred tax liabilities on land revaluation surplus by ¥42 million ($350 thousand), and increase deferred income tax expense by ¥831 million ($6,915 thousand), net unrealized gains on securities by ¥150 million ($1,248 thousand), increase net unrealized gains on hedges by ¥0 million ($0 thousand), and remeasurements of defined benefit plans by ¥34 million ($283 thousand) as of the year ended March 31, 2015.

Deductible amount is limited to 65% of taxable income in the year beginning on or after April 1, 2015 and 50% in the year beginning on or after April 1, 2017. The effective of this change was to decrease deferred tax assets by ¥1,097 million ($9,129 thousand) and increase deferred income tax expense by ¥1,097 million ($9,129 thousand).

11. APPROPRIATIONS OF RETAINED EARNINGS

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 24, 2015:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends	**¥2,720**	**$22,635**

The Company is required to obtain the approval of shareholders at an ordinary general meeting of shareholders for appropriations of retained earnings in conformity with the Corporation Law. 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 year after shareholders' approval has been obtained.

12. REVALUATION SURPLUS

A consolidated subsidiary of the Company revalued its land used for business purposes in accordance with the Land Revaluation Law, when it was an affiliate. As a result of this revaluation, the Company recognized its portion of the affiliate's revaluation surplus and the related deferred tax liabilities.

13. DERIVATIVES

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

14. NOTES TO CONSOLIDATED STATEMENT OF INCOME

Inventories

The amount of inventories written down due to a decline in profitability for the years ended March 31, 2014 and 2015 was ¥(227) million and ¥173 million ($1,440 thousand), respectively which is included in cost of sales.

Selling, general and administrative expenses

	2014	**2015**	**2015**
	(Millions of yen)		(Thousands of U.S. dollars)
Freight charges	¥11,142	**¥11,487**	**$ 95,590**
Salaries, allowances and bonuses	16,412	**16,808**	**139,869**

Research and Development

Research and development costs charged to cost of sales and selling, general and administrative expenses for the years ended March 31, 2014 and 2015 was ¥4,984 million and ¥4,495 ($37,405 thousand), respectively.

Gain on sales of fixed assets

	2014	**2015**	**2015**
	(Millions of yen)		(Thousands of U.S. dollars)
Land	¥ —	**¥1,397**	**$11,625**

15. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2015 amounted to ¥960 million ($7,989 thousand) for loans guaranteed and other guarantees given in the ordinary course of business.

16. LOSS ON IMPAIRMENT OF FIXED ASSETS

The domestic consolidated subsidiaries recognized ¥412 million of loss on impairment of fixed assets included in loss on closing plant in the consolidated statements of income, of which the significant items for the year ended March 31, 2014 were as follows:

2014

Location	Major use	Asset category	(Millions of yen)
Shizuoka City, Shizuoka Prefecture	Operating assets	Buildings and structures	¥ 165
		Machinery and equipment	108
Fukuroi City, Shizuoka Prefecture	Operating assets	Buildings and structures	¥ 132
		Machinery and equipment	7
		Tools, furniture and fixtures	0

The domestic consolidated subsidiaries recognized an impairment loss of ¥273 million for the aluminum electrolytic business in Shizuoka City, Shizuoka Prefecture and the carry amounts of the relevant assets were written down to the memorandum value because of exiting from its business.

The domestic consolidated subsidiaries recognized an impairment loss of ¥139 million for the operating of the secondary aluminum alloy business in Fukuroi City, Shizuoka Prefecture and carry amounts of the relevant assets were written down to the memorandum value because the plant has exited from the business.

The domestic consolidated subsidiaries has grouped the operating assets by the independent operating division which generates cash flows, the rental assets by administrative business division and idle assets by individual asset itself.

The domestic consolidated subsidiaries recognized ¥6,201 million ($51,602 thousand) of loss on impairment of fixed assets in the consolidated statements of income, of which the significant items for the year ended March 31, 2015 were as follows:

2015

Location	Major use	Asset category	(Millions of yen)	(Thousands of U.S. dollars)
Shizuoka City, Shizuoka Prefecture	Operating assets	Machinery and equipment	¥ 2,870	$ 23,883
		Buildings and structures	2,455	20,429
		Others	19	158
			¥ 5,344	$ 44,470

Since the cash flows generated from operating activities resulting from the use of the groups of assets have been continuously negative, the consolidated subsidiaries recognized an impairment loss of ¥5,344 million ($44,470 thousand) after noting a sign of impairment and evaluating a necessity of the impairment loss. The recoverable amounts of the asset groups were measured at their respective value in use and cash flows were calculated at a discount rate of 3.5%.

The consolidated subsidiaries has grouped the operating assets by the independent operating division which generates cash flows, the rental assets by administrative business division and idle assets by individual asset itself.

17. LOSS ON DISPOSAL OF FIXED ASSETS

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Software	¥612	¥ —	$ —

18. AMOUNTS PER SHARE

Net income and net assets per share for the years ended and as of March 31, 2014 and 2015 were summarized as follows:

1. Policy for financial instruments

	2014	2015
	(Millions of shares)	
Weighted average number of shares	543,865	543,835
Effect of convertible bonds	23,219	75,000
Diluted number of shares	567,084	618,835

2. Net income per share

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Net income	¥5,128	¥9,645	$80,261
	2014	2015	2015
	(yen)		(U.S. dollars)
Net income per share	¥ 9.43	¥17.74	$ 0.15
Diluted net income per share	¥ 9.04	¥15.59	$ 0.13

3. Net asset per share

	2014	2015	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Total net assets	¥121,194	¥137,385	$1,143,255
Less: minority interestss	(10,778)	(15,963)	(132,837)
Net assets attributable to shares of common stocks	¥110,416	¥121,422	$1,010,418
	2014	2015	2015
	(yen)		(U.S. dollars)
Net assets per share	¥ 203.03	¥ 223.27	$ 1.86

19. BUSINESS COMBINATION

(a) Business combination through acquisition

1) **Name of acquired companies and outline of business**

   Name of acquired companies

   Toyo Rikagaku Kenkyusho Co., Ltd (hereinafter referred to as "Toyo Rika") and its subsidiary, Toyo Precision Appliance (Kunshan) Co., Ltd

   Outline of business

   Manufacturing and sales of various metal products and metal surface treatment

2) **Reason for business combination**

   To lead synergistic benefits through the greater use of the Company group's business network and management resources in Japan and overseas and of Toyo Rika's management resources in Japan and China. The Company group and Toyo Rika will reinforce their partnership through strategic initiatives, including integration of their resources.

3) **Date of business combination**

   January 20, 2015

4) **Legal form of business combination**

   Acquisition of shares for cash consideration

5) **Post-business combination company name**

   No change

6) **Percentage of voting shared acquired**

Voting rights held immediately before stock acquisition	25.3%
Percentage of additional voting rights acquired on the date of business combination	26.3%
Voting rights after stock acquisition	51.6%

7) **Main basis for determining acquired company**

   The Company acquired shares with cash.

(b) The acquired companies are included in the consolidated financial statements from January 1, 2015 to March 31, 2015

(c) Cost of acquisition and its components

	(Millions of yen)	(Thousands of U.S. dollars)
The fair value of common stock of Toyo Rika held immediately before stock acquisition	¥ 647	$ 5,384
The fair value of additional common stock of Toyo Rika acquired on the date of business combination	716	5,958
Acquisition cost of the acquired company	¥ 1,363	$ 11,342

(d) The difference between acquisition cost of the acquired company and the total costs of stock acquisition transactions

	(Millions of yen)	(Thousands of U.S. dollars)
Loss on step acquisitions	¥ 569	$ 4,735

(e) Amount of gain on negative goodwill and the reason for occurrence

1) Amount of gain on negative goodwill

¥604 million ($5,026 thousand)

2) Reason for occurrence

The difference between the Company's interests in the acquired company's equity and the acquisition cost.

(f) Amount of assets acquired and liabilities assumed on the day of the acquisition

1) Assets

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	¥ 7,491	$ 62,337
Non-current assets	7,900	65,740
Total assets	¥15,391	$128,077

2) Liabilities

	(Millions of yen)	(Thousands of U.S. dollars)
Current liabilities	¥ 7,233	$ 60,190
Long-term liabilities	2,392	19,905
Total liabilities	¥ 9,625	$ 80,095

20. SEGMENT INFORMATION

The reportable segments are components of the Company and its consolidated subsidiaries, for which their discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The Company and its consolidated subsidiaries operate within four distinct business segments mainly in Japan: "Aluminum ingot and chemicals," "Aluminum sheet and extrusions," "Fabricated products and others" and "Aluminum foil, powder and paste."

The "Aluminum ingot and chemicals" segment supplies aluminum remelted ingot used for various industrial materials, and produces a wide spectrum of alumina 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 wing bodies for transport vehicles, automobile components and electronic materials. The "Aluminum foil, powder and paste" segment produces aluminum foil and aluminum powder used for various fields, such as daily necessaries, energy, electronics and automobile. "Corporate items" includes unallocated operating expenses and corporate assets not specifically related to reportable segments.

Reportable segment information for the years ended March 31, 2014 and 2015 was as follows:

	2014					
	The reportable segments					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste	Adjustment (Note 1)	Consolidated
	(Millions of yen)					
Net sales						
Customers	¥ 105,488	¥ 71,274	¥ 132,261	¥ 93,806	¥ —	¥ 402,829
Intersegment	39,064	19,273	10,164	541	(69,042)	—
Total	144,552	90,547	142,425	94,347	(69,042)	402,829
Operating profit	¥ 2,917	¥ 2,668	¥ 7,224	¥ 2,889	¥ (3,081)	¥ 12,617
Segment assets	¥ 113,979	¥ 87,469	¥ 132,355	¥ 98,424	¥ 311	¥ 432,538
Depreciation and amortization	¥ 4,156	¥ 4,014	¥ 3,296	¥ 4,818	¥ 151	¥ 16,435
Amortization of goodwill	¥ —	¥ —	¥ —	¥ 682	¥ —	¥ 682
Loss on impairment of fixed assets	¥ 412	¥ —	¥ —	¥ —	¥ —	¥ 412
Investment in equity-method affiliates	¥ 3,543	¥ 6,509	¥ 4,506	¥ 3,045	¥ –	¥ 17,603
Capital expenditures	¥ 3,141	¥ 4,163	¥ 3,247	¥ 3,153	¥ 297	¥ 14,001

(Note 1).Adjustments amounts are as follows.

1)Adjustments of ¥(3,081) million in segment profit are general corporate expenses.

2)Adjustments of ¥311 million in segment assets include ¥(32,023) million in the elimination of transactions between segments and ¥32,334 million in corporate assets.

3)Adjustments of ¥151 million in depreciation and amortization expenses have primarily to do with corporate assets.

4)Adjustments of ¥297 million for capital expenditures are the increase in corporate assets.

	2015					
	The reportable segments					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste	Adjustment (Note 1)	Consolidated
	(Millions of yen)					
Net sales						
Customers	¥114,339	¥ 82,823	¥138,088	¥ 96,227	¥ —	¥431,477
Intersegment	47,570	22,383	11,040	572	(81,565)	—
Total	161,909	105,206	149,128	96,799	(81,565)	431,477
Operating profit	¥ 6,069	¥ 4,230	¥ 7,704	¥ 4,183	¥ (2,881)	¥ 19,305
Segment assets	¥119,824	¥118,974	¥136,224	¥101,476	¥(19,221)	¥457,277
Depreciation and amortization	¥ 4,292	¥ 4,004	¥ 3,601	¥ 4,335	¥ 174	¥ 16,406
Amortization of goodwill	¥ —	¥ —	¥ 19	¥ 653	¥ —	¥ 672
Loss on impairment of fixed assets	¥ 5,443	¥ —	¥ 84	¥ 674	¥ —	¥ 6,201
Investment in equity-method affiliates	¥ 4,010	¥ 7,953	¥ 5,276	¥ 3,411	¥ —	¥ 20,650
Capital expenditures	¥ 3,529	¥ 5,269	¥ 3,440	¥ 3,458	¥ 173	¥ 15,869

	2015					
	The reportable segments					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste	Adjustment (Note 1)	Consolidated
	(Thousands of U.S. dollars)					
Net sales						
Customers	$ 951,477	$ 689,215	$1,149,105	$ 800,758	$ —	$3,590,555
Intersegment	395,856	186,261	91,870	4,760	(678,747)	—
Total	1,347,333	875,476	1,240,975	805,518	(678,747)	3,590,555
Operating profit	$ 50,503	$ 35,200	$ 64,109	$ 34,809	$ (23,975)	$ 160,648
Segment assets	$ 997,121	$ 990,047	$1,133,594	$ 844,437	$ (159,948)	$3,805,251
Depreciation and amortization	$ 35,716	$ 33,319	$ 29,966	$ 36,074	$ 1,448	$ 136,523
Amortization of goodwill	$ —	$ —	$ 158	$ 5,434	$ —	$ 5,592
Loss on impairment of fixed assets	$ 45,294	$ —	$ 699	$ 5,609	$ —	$ 51,602
Investment in equity-method affiliates	$ 33,369	$ 66,181	$ 43,904	$ 28,386	$ —	$ 171,840
Capital expenditures	$ 29,367	$ 43,846	$ 28,626	$ 28,776	$ 1,440	$ 132,055

(Note 1).Adjustments amounts are as follows.

1)Adjustments of ¥(2,881) million ($(23,975) thousands) in segment profit are general corporate expenses.

2)Adjustments of ¥(19,221) million ($(159,948) thousands) in segment assets include ¥(38,099) million ($(317,043) thousands) in the elimination of transactions between segments and ¥18,878 million ($157,095 thousands) in corporate assets.

3)Adjustments of ¥174 million ($1,448 thousands) in depreciation and amortization expenses have primarily to do with corporate assets.

4)Adjustments of ¥173 million ($1,440 thousands) for capital expenditures are the increase in corporate assets

Geographical sales for the years ended March 31, 2014 and 2015 were summarized as follows:

2014			2015			2015		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥335,035	¥67,794	¥402,829	¥349,752	¥81,725	¥431,477	$2,910,477	$680,078	$3,590,555

Geographical property, plant and equipment for the year ended March 31, 2014 and 2015 were summarized as follows:

2014			2015			2015		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥135,067	¥15,834	¥150,901	¥129,381	¥23,854	¥153,235	$1,076,650	$198,502	$1,275,152

EY
Building a better working world

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Independent Auditor's Report

The Board of Directors
Nippon Light Metal Holdings Company, Ltd.

We have audited the accompanying consolidated financial statements of Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Holdings Company, Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 24, 2015
Tokyo, Japan

OVERSEAS SUBSIDIARIES AND AFFILIATES

North America

Nikkei MC Aluminum America Inc.
Indiana, U.S.A.
Phone: 1-812-342-1141
Aluminum alloys
(60%)

Toyal America Inc.
Illinois, U.S.A.
Phone: 1-630-505-2160
Aluminum powder and paste
(100%)

Europe

Toyal Europe Société par Actions Simplifiée Unipersonnelle
Accous, France
Phone: 33-0559983535
Aluminum powder and paste
(100%)

East Asia

Nikkei MC Aluminum (Kunshan) Co., Ltd.
Kunshan, China
Phone: 86-512-5763-1946
Aluminum alloys
(85%)

Nikkei (Shanghai) Body Parts Co., Ltd.
Shanghai, China
Phone: 86-21-5986-9388
Automobile components
(100%)

Nikkei (Shanghai) International Trading Co., Ltd.
Shanghai, China
Phone: 86-21-6236-9658
Sales and marketing bases
(100%)

NI Nikkei Shenzhen Co., Ltd.
Shenzhen, China
Phone: 86-755-2650-5656
Automobile components
(55%)

Nonfemet International (China-Canada-Japan) Aluminium Co., Ltd.
Shenzhen, China
Phone: 86-755-2661-1569
Extrusion
(18%)

Toyal Zhaoqing Co., Ltd.
Zhaoqing, China
Phone: 86-758-3602-160
Aluminum paste
(90%)

Toyo Tokai Aluminium Hanbai (Shanghai) Co., Ltd.
Shanghai, China
Phone: 86-21-5257-4116
Trading and marketing
(100%)

Sam-A Aluminium Co., Ltd.
Seoul, Korea
Phone: 82-02-3458-0600
Aluminum foil, paste
(33%)

Southeast Asia

Nikkei MC Aluminum (Thailand) Co., Ltd.
Thailand
Phone: 66-3852-2296-9
Aluminum alloys
(79%)

Nikkei Siam Aluminium Limited
Thailand
Phone: 66-2-529-5299
Aluminum sheet, foil
(100%)

Nikkei Singapore Aluminium Pte. Ltd.
Singapore
Phone: 65-6293-3770
Trading and marketing
(100%)

(As of July 31, 2015)

Directors

Chairman of the Board and director

Takashi Ishiyama

President

Representative Director

Ichiro Okamoto

President and CEO of Nippon Light Metal Co., Ltd

Directors

Toshihide Murakami

Yasunori Okamoto

Mikio Shimizu

President and Representative Director of Nikkeikin Kakoh Kaihatsu Holdings Company, Ltd.

Masao Imasu

Hiroshi Yamamoto

President and CEO of Toyo Aluminium K.K.

Koji Ueno

President and CEO of Nippon Fruehauf Co., Ltd.

Hiroyasu Hiruma

President and CEO of Nikkei Panel System Co., Ltd.

Shozo Hamamura

President and CEO of Nikkei MC Aluminium Co., Ltd.

Masato Ono*[1]

Ryoichi Hayashi*[1]

*[1] Outside Director

Audit & Supervisory Board Member

Tadashi Asahi

Nobuo Matsumoto

Koji Fukui

Yuzuru Fujita*[2]

Katsuo Wajiki*[2]

Yasuo Yuki*[2]

*[2] Outside Member

Officers

Takashi Hara

Masamichi Ueda

Hirokazu Takatoku

Minoru Sotoike

Hideki Amimura

Takayuki Tsuchida

(As of June 24, 2015)

Head Office

NYK Tennoz Building
2-20, Higashi-Shinagawa 2-chome
Shinagawa-ku, Tokyo 140-8628, Japan
http://www.nikkeikinholdings.co.jp
Phone: 81-3-5461-8601
Fax: 81-3-5461-8681

Established

October 1. 2012

Paid-In Capital

¥39,085 million

Shares of Common Stock

Authorized: 2,000,000,000
Issued: 545,126,049

Number of Shareholders

52,706

Stock Exchange Listings

Tokyo

Transfer Agent of Common Stock

Sumitomo Mitsui Trust Bank, Ltd.

Last Shareholders' Meeting

June 24, 2015

Major Shareholders

(Ratio of Stock Holding)
Japan Trustee Services Bank, Ltd.
(trust accounts) (6.6%)

The Master Trust Bank of Japan, Ltd.
(trust accounts) (6.5%)

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

Nikkei-Keiyu-Kai
(2.9%)

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

Asahi Mutual Life Insurance Co.
(2.3%)

Mizuho Bank, Ltd.
(2.1%)

Japan Trustee Services Bank,Ltd
(trust accounts 9) (1.9%)

CBNY DFA International Small Cap Value Portfolio
(1.7%)

Sumitomo Mitsui Trust Bank, Ltd.
(1.7%)

(As of March 31, 2015)

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.

Nippon Light Metal Holdings Company, Ltd.
NYK Tennoz Building, 2-20, Higashi-Shinagawa 2-chome
Shinagawa-ku, Tokyo 140-8628, Japan
http://www.nikkeikinholdings.co.jp

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