ANNUAL REPORT 2016

Year ended March 31, 2016

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.

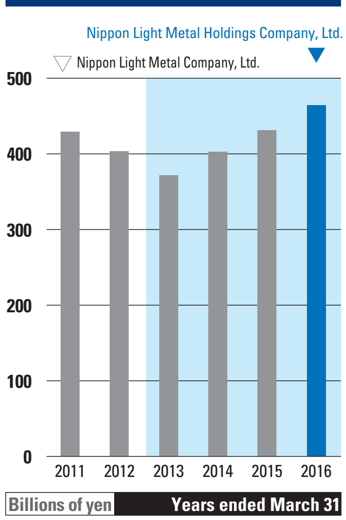
By carrying on development of new applications for aluminum and aluminum materials, the NLM Group is to continue to support customers in wide-ranging industrial sectors and contribute to improving the quality of people's lives and protection of the environment.

Consolidated Financial Highlight

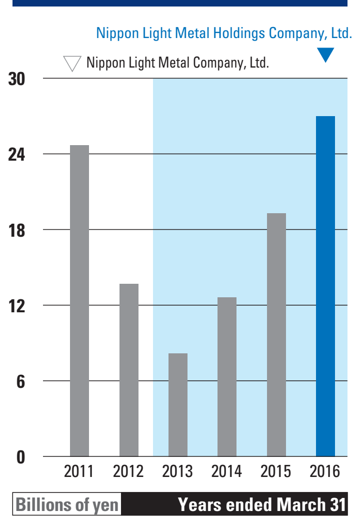
Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries Years ended March 31

	2015	2016	2016
	Millions of yen		Thousands of U.S. dollars
For the year:			
Net sales	¥431,477	¥464,405	$4,121,450
Operating profit	19,305	26,821	238,028
Profit attributable to owners of parent	9,645	15,533	137,851
At year-end:			
Total assets	457,277	452,194	4,013,081
Net assets	137,385	144,419	1,281,673
Short-term borrowings and long-term debt, including bonds and capital lease obligation	192,594	184,989	1,641,720

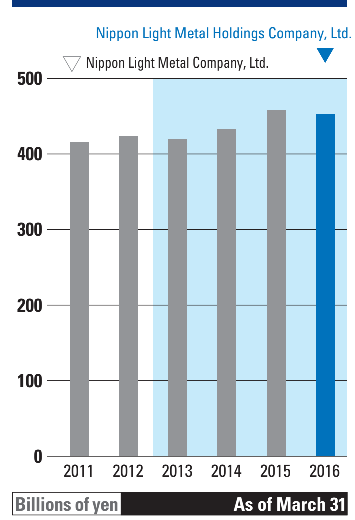
Net Sales



Operating Profit



Total Assets

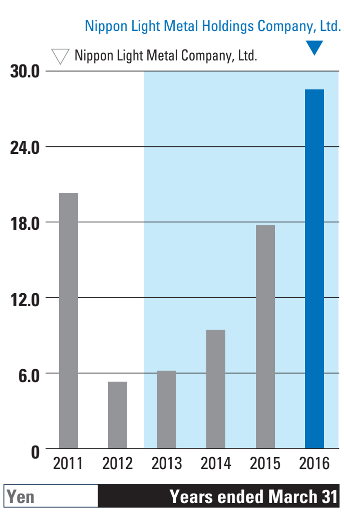


Contents

	2015	2016	2016
	yen		U.S. dollars
Per share data (yen and dollars):			
Net income —basic	¥ 17.74	¥ 28.56	$ 0.25
—diluted	15.59	25.10	0.22
Cash dividends	5.00	6.00	0.05
Net assets	223.27	239.39	2.12
Stock information (TSE) (yen and dollars):			
Stock price:			
High	¥ 193	¥ 237	$ 2.10
Low	132	161	1.43

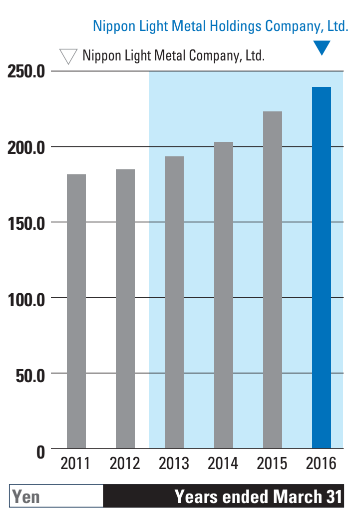
Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥112.68 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Net Income per Share



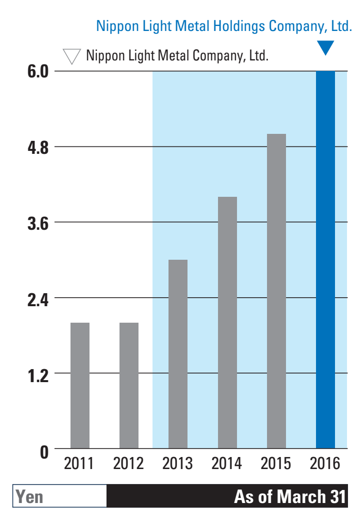
Net Income per Share = (Net Income - Amount not attributable to common shareholders) / Average Number of Shares Outstanding

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*

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 2015 (the year from April 1, 2015 to March 31, 2016).

Overview of Fiscal 2015

During the year under review, in the transport industry, demand for trucks were robust, and the adoption of aluminum for materials of passenger cars, especially that of luxury cars, progressed smoothly. However, domestic production of cars declined, and shipments for construction-related fields decreased. As a result, the domestic aluminum industry saw a slight dip in overall demand. In terms of price, the aluminum ingots market experienced a downturn that lasted throughout the fiscal period. Although this contributed to lower raw material prices, in the business fields where sales prices also fell in line with this downturn, and profits were negatively affected.

Regarding net sales, although domestic sales volumes of aluminum ingots and secondary alloys decreased, sales volumes increased in segments including the Alumina and Chemicals segment, the Aluminum Sheet segment, the Aluminum Extrusions segment, the Transport-Related segment, and the Panel System segment. Therefore, overall net sales were higher than the previous fiscal year. In terms of profit, in addition to higher sales volumes, effects of the revision of sales prices implemented in each segment also contributed greatly to higher operating profit. As a result, the Group's net sales for the year under review increased 7.6% year on year, to ¥464.4 billion. Operating profit and ordinary profit increased 38.9% and 19.1% year on year, to ¥26.8 billion and ¥24.5 billion, respectively. Profit attributable to owners of parent increased 61.0% year on year to ¥15.5 billion.

Year-end dividend payment will be ¥6 per share, ¥1 greater than the year-end dividend payment for the previous year.

Overview by Business Segment

Sales in the Alumina, Chemicals and Aluminum Ingot segment decreased 3.9% year on year, to ¥109.9 billion, while operating profit increased 50.6% year on year, to ¥9.1 billion. Regarding alumina-related products, domestic sales of mainstay alumina and aluminum hydroxide products were robust. In the Aluminum Ingot segment, regarding the core secondary alloy products for automotive applications business, sales were strong in countries such as China and Thailand. However, sales of new aluminum ingots for trading companies declined, leading to lower net sales for the segment. Profits were significantly higher than the previous year due to factors such as the effects of rationalization of product pricing implemented for alumina-related products, and the fall in raw fuel prices.

Sales in the Aluminum Sheet and Extrusions segment increased 24.8% year on year, to ¥103.3 billion, while operating profit decreased 27.7% year on year, to ¥3.1 billion. The rise in net sales was due to factors including the conversion of Toyo Rikagaku Kenkyusho Co., Ltd. to a subsidiary in January 2015 in the Aluminum Sheet segment, as well as strong demand for truck outfitting domestically and for automobiles in China, and the steady increase in sales of solar panel racks in the Aluminum Extrusions segment. Profits were lower than the previous year, as the selling prices of some products fell in tandem with the downtrend in the aluminum ingot market.

As a result, sales in the Fabricated Products and Others segment increased 8.1% to ¥149.2 billion, and operating profit increased 42.2% to ¥11.0 billion. The increase in sales was due to the stable growth in commercial freezers and refrigerators for plants that process food products, wholesale markets and low temperature distribution warehouses, and also in the clean rooms for semiconductors and medical use in the Panel System segment. The improvement in profitability was due to the effect of cost cuts in material expense and increase in sales in the Panel System segment.

Sales in the Aluminum Foil, Powder and Paste segment increased 6.0% year on year to ¥102.0 billion, while operating profit increased 63.3% year on year, to ¥6.8 billion. Sales of high value-added products such as water-repellent fabricated foil for food products and fabricated foil for pharmaceutical packaging were strong. Furthermore, in the Solar segment, sales of back sheets for solar cells rose owing to sales expansion efforts such as new customer acquisition, despite some remaining concerns about credit issues. The rise in operating profit was attributable to factors such as effects of raising the rolling margin price implemented in the previous year in the Aluminum Foil segment and higher sales volumes in the Solar segment.

Key Topics

In June 2015, Nippon Light Metal Company, Ltd. ("NLM") and Nikkei Panel System Co., Ltd. succeeded in the mass production of non-Freon non-combustible insulation panels, which use foaming agents with zero ozone depletion potential, and Nikkei Panel System Co., Ltd. began to manufacture and sell the product.

In addition, NLM established a subsidiary, "Nikkeikin OhLiS," whose operations include the cleaning of facilities and equipment, providing support at the company canteen, and the sale of food. In January 2016, Nikkeikin OhLiS was recognized as a special subsidiary company based on laws related to promoting the employment of disabled people, etc.

(For more details on "Nikkeikin OhLiS," please refer to "NLM Topics" on page 6.)

In the Aluminum Foil segment, to remove duplicates of organizations and functions within the Group, and with the aim of capitalizing on management resources such as human resources and equipment, in April 2016, Toyo Aluminium K.K. acquired its subsidiary Tokai Aluminium Foil Co., Ltd., Toyo Aluminium Chiba K.K. and Toyal Techno-Frontier Corp. through absorption-type mergers.

Outlook for Fiscal 2016

With regard to the Japanese economy for fiscal 2016, a gradual recovery is expected to continue, owing to strong personal consumption due to low crude oil prices and improvements in the employment and income situation. However, due to concerns over how the fall in stock prices and the sudden yen appreciation that began at the start of 2016 will affect corporate earnings, particularly in export companies, there is a heightened risk of an economic downturn. As for overseas economies, while the U.S. economy is set to continue its gradual recovery, slowdowns of economic growth in China and other emerging countries are also expected to persist. Moreover, with concerns over the threats of terrorism and refugee problems, the outlook for the world economy lacks optimism.

Regarding the demand for aluminum products, although there are not many countries besides China that have shown a significant increase in demand, in line with the trend of further increases in the need for lighter vehicles, as well as expanded usage for transport machinery and industrial machinery, we anticipate the global demand to steadily increase in the medium term.

Under such circumstances, the NLM Group (the "Group") has formulated a Mid-Term Management Plan (for an outline of this Mid-Term Management Plan, please refer to the feature that starts on page 3) that is scheduled to conclude in the fiscal year ending March 31, 2019. The aims of the plan include enhancing cooperative efforts within the Group and strengthening the profitability of overseas business bases, in order to maximize the consolidated revenue. The next fiscal year is projected to register net sales of ¥455.0 billion, operating profit of ¥27.0 billion, and ordinary profit of ¥25.0 billion. I would like to ask for the continuous support of our shareholders in these efforts, just as we would do everything in our power to further develop the NLM Group.

June 2016

I. Okamoto

President & CEO
Ichiro Okamoto

The NLM Group includes several companies that handle distinctive fabricated products.

NLM Establishes Special Subsidiary Company "Nikkeikin OhLiS"

~Based on laws related to promoting employment of disabled people, etc.~

In January 2016, "Nikkeikin OhLiS," a subsidiary of Nippon Light Metal Company, Ltd. (hereinafter "NLM"), was recognized as a special subsidiary company* based on laws related to promoting the employment of disabled people, etc.

Establishment ceremony at the Shinagawa Public Employment Security Office
Left: Mr. Takatoku, President of Nikkeikin OhLiS at the time

The NLM Group has continuously endeavored to create a workplace environment that allows both able-bodied and disabled people to participate actively. This time, in view of a greater undertaking of our corporate social responsi-bility, we have established a special subsidiary com-pany, with the aim of creating a workplace that is worth working for, to help disabled people, such as people with intellectual disabilities, gain independence and grow through their jobs.

In October 2015, with a capital of ¥10 million and 17 employees, Nikkeikin OhLiS was established in Kanbara, Shizuoka City, Shizuoka Prefecture. Operations include the cleaning of facilities and equipment, providing support at the company canteen, and the sale of food. The company's name "OhLiS" was chosen with the aim of letting all employees work together with "One heart," be "Lively" at work, and always work with a "Smile."

***Special subsidiary company** : A subsidiary established to provide special consideration during the employment process, with the aim of promoting and achieving stability in the employment of disabled people. When certain conditions are met, the employees of such a subsidiary can be considered employees of the parent company, and included in the employment rate of persons with disabilities as a special case.*

Toyo Aluminium Sets Up Aluminum Paste-Related Joint Venture Company in India

Toyo Aluminium K.K. ("Toyo Aluminium") invested about ¥1 billion in a project to start the manufacturing of aluminum paste for general paints in India. In May 2016, Toyo Aluminium established the aluminum paste manufacturing company "TOYAL MMP INDIA PRIVATE LIMITED" as a joint venture with the local company MMP Industries Ltd. in Nagpur City, central India.

Interference color aluminum pigment "CHROMASHINE®"

With a 50% share in the global market and a 70% share in the Japanese market of aluminum paste for automobile paint, Toyo Aluminium is the biggest player in the industry. In India, in line with the economic growth, paint manufacturers are increasing supply. Therefore, Toyo Aluminium has also decided to establish a new business base in India.

Toyo Aluminium already had aluminum paste manufacturing bases in Japan, China, the U.S. and France. Now, with the addition of India, Toyo Aluminum now works with a five-location global manufacturing system. If local manufacturing performs well, we will consider exporting to the Middle East, Africa and ASEAN countries as well.

~ Team NLM "Groundbreaking Innovator of Aluminum and Beyond" ~

Nippon Light Metal Holdings Company, Ltd. ("NLM Holdings") has formulated the NLM Group's "New Mid-Term Management Plan" (New Mid-Term Plan), which will last for three years starting from April 2016. The contents of the plan are featured this time.

	Fiscal year ended March 31, 2016 (Targets of Previous Mid-Term Plan)	Fiscal year ended March 31, 2016 (Actual Results)	Fiscal year ending March 31, 2019 (Targets of New Mid-Term Plan)
Net sales	¥440.0 billion	¥464.4 billion	¥500.0 billion
Operating profit	25.0	26.8	32.0
Ordinary profit	22.0	24.5	31.0
Profit attributable to owners of parent	14.0	15.5	20.0
Fiscal year-end interest-bearing liabilities	175.0	182.2	160.0
D/E ratio	1.1 times*	1.1 times*	Less than 1.0 times
R-O-C-E	8.9%	9.0%	Over 10.0%
Overseas sales ratio	25.0%	20.8%	—

Elements of the New Mid-Term Plan : ● Market price of aluminum ingots: ¥240,000 per ton ● Exchange rate: 110 yen to 1 US dollar

*The figures of Fiscal year ended March 31, 2016 (Targets of Previous Mid-Term Plan) and Fiscal year ended March 31, 2016 (Actual Results) are the net D/E ratio.

I. Summary of the Previous Mid-Term Management Plan

As a compilation of efforts made in the Mid-Term Management Plan that lasted for the three years from April 2013 (hereinafter "Previous Mid-Term Plan"), following the basic policies of the Previous Mid-Term Plan, with a holding company structure, the Group strengthened cooperative efforts within itself, with the aim of maximizing consolidated revenue and increasing corporate value. As a result, the targeted figures for the final year of the Previous Mid-Term Plan were mostly attained as shown above, and we managed to raise the dividend for the fiscal year ended March 31, 2016 to ¥6 per share (1 yen higher than the target in the Previous Mid-Term Plan).

Furthermore, through the permeation of the basic cycle of "Create-Make-Sell" that the Group has always focused on, and thoroughly managing profit and losses by product, each and every employee's cost awareness was heightened, which helped to nurture talented personnel who could carry out revenue management stringently. We view this as one of the major achievements of the Previous Mid-Term Plan.

II. Overview of the New Mid-Term Management Plan

Based on the NLM Group's mission (corporate philosophy) of "be forever committed to the development of new applications for aluminum and aluminum-related materials and thereby contribute to the improvement of people's quality of life and environmental protection," the Group has formulated the new Mid-Term Management Plan that began in April 2016 (from fiscal 2016 to fiscal 2018), with the aim of achieving sustainable growth and increasing corporate value.

1. Basic Policies

(i) Create new products and business models by strengthening cooperation within the Group

The Group possesses a wide range of business domains related to aluminum. We draw out customers' needs via a cross-sectional and multifaceted viewpoint achieved through cooperation within the Group, and gather intellect so as to produce value-added products. As a result, in addition to manufacturing, we also possess overall competence in areas including design, execution, services, maintenance, and the formulation of business concepts. Based on that, we can formulate new products and businesses with a competitive advantage, and endeavor to achieve growth of the Group.

Field	Related Department	New Products and Businesses
Batteries	Nippon Light Metal Company, Ltd. Nikkeikin Aluminium Core Technology Co., Ltd.	LiB case materials, square cases
Batteries	Nippon Light Metal Company, Ltd.	Granule alumina for LiB parts
Batteries	Toyo Aluminium K.K.	Foil for LiB cladding, LiB cathode materials
Batteries	Nippon Electrode Co., Ltd.	LiB anode materials
Batteries	Nippon Light Metal Company, Ltd. Nikkeikin Aluminium Core Technology Co., Ltd.	LiB condensers for automobiles
Automobiles	Nippon Light Metal Company, Ltd. Aluminium Wire Rod Co., Ltd.	Aluminum electric wires for automobiles
Automobiles	Toyo Aluminium K.K.	Silica treatment Alpaste
Electrical and electronics	Toyo Aluminium K.K. Nippon Light Metal Company, Ltd.	Laminated foil powder condensers
Electrical and electronics	Nikkei MC Aluminium Co., Ltd.	Development alloy (high strength and heat conduction)
Transportation	Nippon Fruehauf Co., Ltd. Nikkei Panel System Co., Ltd.	Cold Chain in the ASEAN region

*LiB: Lithium ion secondary batteries

(ii) Business Development through Strategies by Region and by Sector

Segments where management resources will be invested are selected by considering the combination of region and market segment. In addition to maximizing the profitability of the investments, in our overseas business development, we have centered our efforts in China and Southeast Asia up until now. We are looking into expanding our business into other regions of Asia and North American regions, and are actively promoting these efforts. We endeavor to transform the company into one that truly deserves to be called a global corporation.

Region	Segment	Company	Products	Business Strategy
Thailand	Automobiles	Nikkei MC Aluminium Co., Ltd.	Secondary alloys	Build second factory in Thailand (Scheduled to begin operations in January 2017)
India	Industrial products	Toyo Aluminium K.K.	Pastes	Establish a new joint venture with local powder manufacturer
North America	—	NLM Group	Secondary alloys, shaped parts, battery materials, panel systems, etc.	Establish new shared marketing outlets for the Group and capitalize on existing outlets
China, Thailand	Transportation	Nippon Fruehauf Co., Ltd.	Trailer and truck outfitting	Expand production capacity and sales in China, expand production capacity in Thailand, and expand sales in Southeast Asia

(iii) Strengthening of Corporate Culture

To realize the basic policy described above, it is essential to have "talented personnel who can create new businesses from the perspective of cooperation within the Group." Besides expanding and enhancing the education system in order to nurture such personnel, we are raising the mobility of talented personnel between Japan and overseas, and between Group companies and each department. Through this, we want to promote internationalism and diversity within our personnel.

Through cooperative business operations within the Group, we will develop high value-added products, develop new sales channels overseas, promote the strengthening of sales in growth markets, endeavor to raise the profitability of the chemicals business and the aluminum sheet business, as well as aim to achieve revenue stability in newly-established business bases outside of Japan.

The Company will resolutely and actively carry out the action plan formulated based on the basic policy detailed above. Going forward, the Group will work together as one in our endeavor to raise our corporate value and enhance common interests of shareholders.

Nurturing and Capitalizing on Talented Personnel in the Group

- Nurturing talented personnel via providing employees of each company in the Group with various types of training
- Nurturing talented global personnel by measures that increase the internationalism and diversity of personnel

Capitalize on talented personnel throughout the entire Group

Raising Profitability of Struggling Businesses

NLM: Chemicals business	Release new products, expand sales in growth markets
The Group: Aluminum sheet business	Cooperation within the Group, accelerate development of processing

Moving Unprofitable Overseas Business bases into the Black

Aiming to turn profitable in 2016	Nikkei Siam Aluminium Ltd. (Thailand): Panels business Nikkei MC Aluminium Co., Ltd. (Mexico): Secondary alloys business
Aiming to turn profitable in 2017	Shandong Conglin Fruehauf Automobile Co., Ltd. (China): Trailers business Fruehauf Mahajak Co., Ltd. (Thailand): Truck outfitting business

2. Strengthening the Financial Structure and Returns to Shareholders

Regarding the distribution of profits, the Company adopts the basic policy of "Pay dividends to shareholders while strengthening the financial structure and management base, and considering the overall consolidated performance from a medium- to long-term perspective." In addition, regarding internal reserves, in addition to funds for reducing interest-bearing liabilities in order to strengthen the financial structure, we are also making efforts such as investments to expand our business in growth areas, as well as increase profitability and create demand in fundamental business areas. Through these efforts, we aim to raise our corporate value.

Under the New Mid-Term Plan, we aim to raise the annual dividend from the current ¥6 per share (for fiscal 2015) to ¥7 per share as soon as possible.

Ichiro Okamoto *President and CEO*

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 2015.

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.

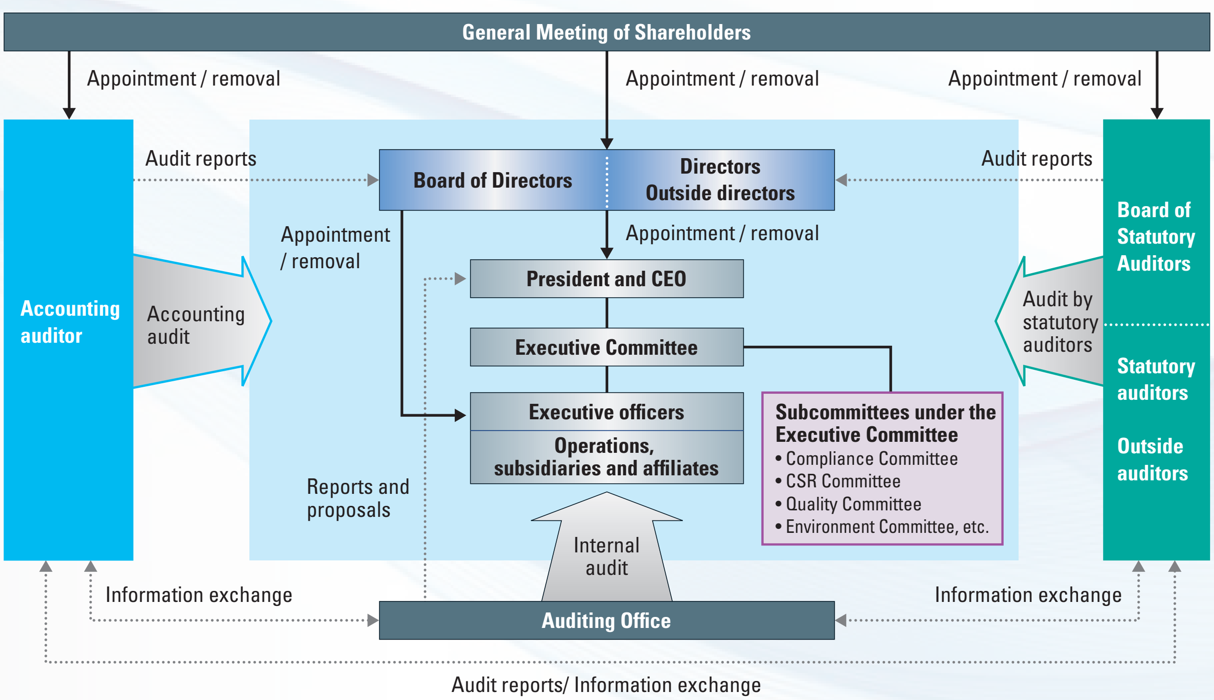
NLM has also adopted a statutory auditor system. The Board of Statutory Auditors consists of five statutory auditors, of whom three are outside auditors. Auditors are independent and play a key role in corporate governance by attending Board of Directors and other important internal meetings.

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 2015, 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.

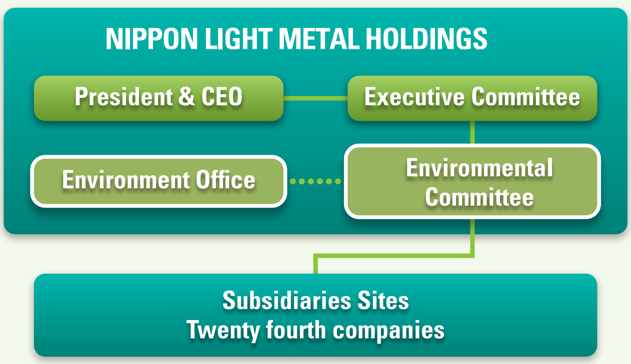
Establishment of Regulations Concerning the Preservation and Management of Documents Containing Important Decisions

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 2015, Waste Management and Public Cleansing Act were focused on. These results are communicated to the Director in charge and the Auditors.

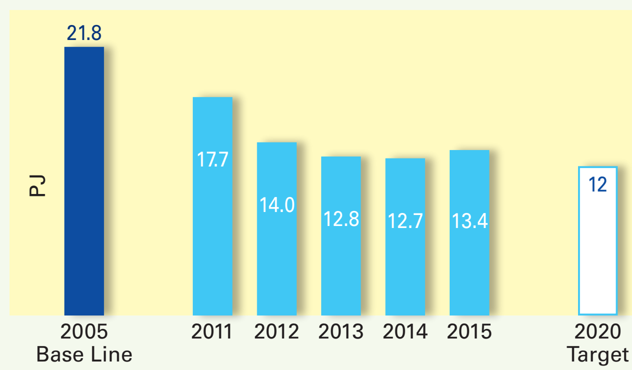
Material Balance

FY2015 energy consumption were similar to the previous year

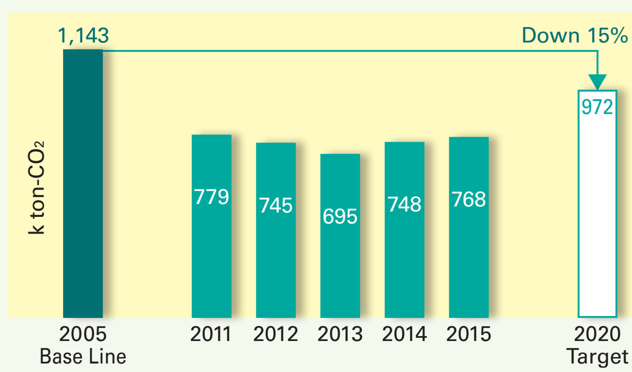
INPUT	FY2015	FY2014	FY2013	FY2012
Electricity (PJ)	**8.5**	7.5	7.8	8.2
Fuel (PJ)	**4.9**	5.2	5.0	5.8

Energy Consumption

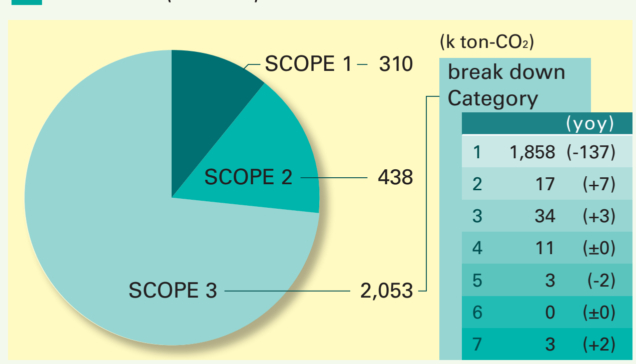
OUTPUT	FY2015	FY2014	FY2013	FY2012
Greenhouse Gas (kton-CO_2)	**768**	748	695	745
SOx (ton)	**288**	402	379	372
NOx (ton)	**422**	496	396	380
Discharged Water (Mm^3)	**26.0**	26.3	27.9	29.0
COD (ton)	**108**	93	110	101
Disposed-landfill- (kton)	**2.4**	2.0	2.2	3.5
Recycled/ Reduced (kton)	**33.2**	38.9	34.3	28.6



Change in Greenhouse Gas Emissions



SCOPE 3 (FY2015)



Nippon Light Metal Group consists of 80 subsidiaries and 23 affiliates (as of March 31, 2016).
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 Co., Ltd.
- Aluminium Wire Rod Co., Ltd.
- Nikkei MC Aluminium Co., Ltd.
- Nikkei MC Aluminum America, Inc.
- Nikkei MC Aluminium (Thailand) Co., Ltd.
- Nikkei MC Aluminium (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 Co., 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.
- Guangxi Zhengrun Nikkei High Purity Aluminium Technology Co., Ltd.
- Nonfemet International (China-Canada-Japan) Aluminium Co., Ltd.

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

Fabricated Products and Others

(Manufacture and Sales)
- Nippon Light Metal Co., 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

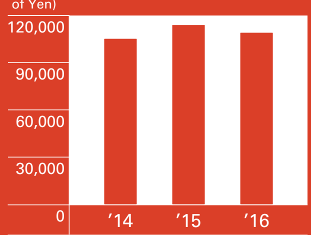
● Consolidated subsidiaries: 75 companies ● Affiliates accounted for by the equity method: 17 companies

(As of March 31, 2016)

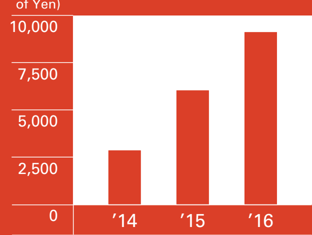
Aluminum Ingot and Chemicals

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 2015

In the Alumina and Chemicals segment, with regard to the mainstay alumina and aluminum hydroxide products among alumina-related products, domestic sales of alumina for refractory materials, abrasives and glass were robust, and exports of aluminum hydroxide products also increased. In terms of chemicals, although sales of organic chlorine products were sluggish, and sales of caustic soda products and inorganic chlorine products were on par with the previous year's levels, overall sales for the segment exceeded the levels of the previous year.

In terms of profits, in addition to effects of the revision of sales prices of alumina-related products, the recording of alumina-related equipment costs as impairment loss at the previous fiscal year-end reduced the burden on depreciation and amortization costs. As a result, profits improved significantly compared with the previous year.

In the Aluminum Ingot segment, although shipments of the mainstay secondary alloy products for automotive applications decreased in Japan, sales volumes exceeded those of the previous year, owing to robust sales in overseas markets such as China and Thailand, as well as a recovery in order volume in the U.S. On the other hand, due to the decline in sales prices of aluminum ingots which reflect conditions of the market, sales decreased slightly compared to the previous year. In contrast, profits increased year on year, owing to efforts in securing profitability by focusing on getting highly profitable orders domestically, where demand was sluggish, as well as the decrease in fuel prices. Additionally, sales related to new aluminum ingots decreased significantly, due to the fall in sales of new aluminum ingots for trading companies.

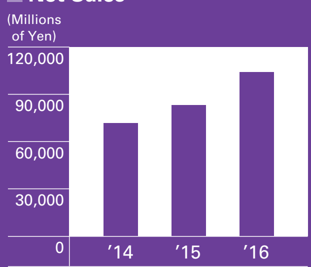
As a result, Alumina, Chemicals and Aluminum Ingot segment sales decreased 3.9%, or ¥4,495 million year on year, to ¥109,844 million (¥114,339 million for the previous year), while operating profit increased 50.6%, or ¥3,069 million year on year, to ¥9,138 million (¥6,069 million for the previous year).

Aluminum Billet

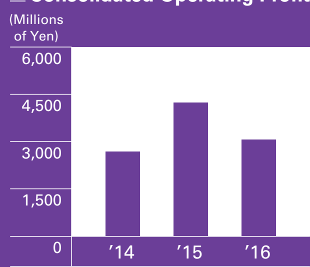
Aluminum Sheet and Extrusions

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 2015

In the Aluminum Sheet segment, although shipments of construction materials were sluggish, sales of thick plates for railway and foil stock were robust. Converting Toyo Rikagaku Kenkyusho Co., Ltd. to a subsidiary in January 2015 contributed to increased sales of materials for PC and smartphone cases. Accordingly, both sales volumes and sales exceeded those of the previous year. In contrast, in terms of profits, as the aluminum ingot market saw a downtrend this fiscal year, products that used raw materials procured at a high price were sold at a low price due to the fall in prices. Additionally, higher costs of new product development, the recording of valuation loss on inventory for some products, and other factors led to profits being significantly lower than that of the previous year.

In the Aluminum Extrusions segment, demand in the building materials-related and industrial equipment-related fields were stagnant and sales declined. On the other hand, in the transport field, the mainstay of the segment, despite sluggish sales for automobiles in the domestic market, sales for truck outfitting and railway cars increased. Also, sales for automobiles and railway cars were robust in China. Additionally, sales of new products such as solar panel racks increased steadily. As a result, sales of the segment exceeded levels of the previous year. However, as sales of nuclear energy-related products, which are high-value added products, have been pushed to the next fiscal year, and selling prices of some products fell in tandem with the downtrend in the aluminum ingot market, profits were lower than the previous year.

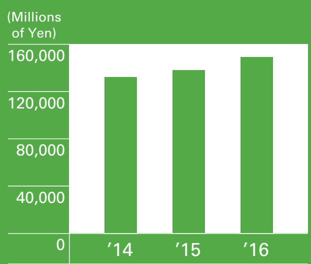
As a result, Aluminum Sheet and Extrusion segment sales increased 24.8%, or ¥20,517 million, to ¥103,340 million (¥82,823 million for the previous year). Operating profit decreased 27.7%, or ¥1,172 million, to ¥3,058 million (¥4,230 million for the previous year).

Aluminum Sheet

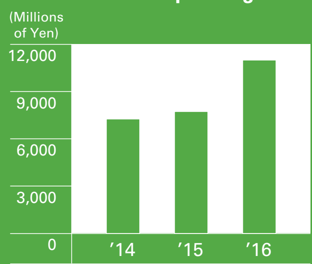
Fabricated Products and Others

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 2015

In the Transport-Related segment, sales volumes in the truck outfitting business were at high levels as per the previous year, as profitability in the transport-related industry improved, backed by the domestic economy's recovery and lower fuel prices due to low crude oil prices. On top of that, replacement demand of vehicles purchased at the time of emissions regulations tightening continued this year. Profits were also higher than last year, due to the effects of cutting raw material costs and other factors.

In the area of capacitors for car air conditioners, on top of a decline in overall vehicle production volume in Japan, the production of mini vehicles also decreased significantly due to the mini vehicle tax hike at the start of the fiscal year, leading to sales levels significantly lower than those of the previous year.

Sales in the Shaped Parts segment increased year on year, owing to factors such as increased shipments for luxury vehicles and exports, despite a low domestic order volume due to a decrease in the number of automobiles manufactured in Japan.

In the Electronic Materials segment, regarding anodized aluminum foil for aluminum electrolytic capacitors, backed by yen depreciation, the price competitiveness and market shares of customers who are Japanese capacitor manufacturers recovered. Amid the ongoing trends of capacitor manufacturing and anodized aluminum foil procurement moving back to Japan, we made efforts in increasing our order volume. As a result, sales surpassed levels of the previous year.

In the Panel System segment, with regard to shipments of industrial refrigerators and freezers, although demand from convenience stores leveled off, demand for small systems for stores were robust. Demand of large systems for plants that process food products, wholesale markets, and low temperature distribution warehouses increased, owing to factors such as higher food safety awareness, continued active investment stemming from road improvement projects in metropolitan areas, and the trend of increasing sizes of properties. With regard to clean rooms, the order volume increased, due to renovation demand in line with the restructuring of the semiconductors and LCD industries. Sales for the pharmaceutical and bio field were also robust, leading to overall segment sales significantly exceeding levels of the previous year.

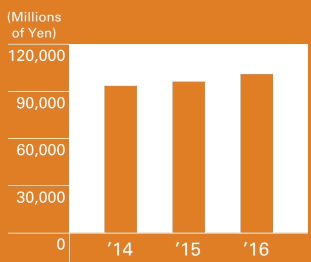
In the Carbon Product segment, our customers in the steel and aluminum smelter industry experienced a decline in earnings, leading to lower sales of our major products, including carbon blocks for blast furnaces and electric furnaces, unshaped materials for electrodes, and cathodes. As a result, sales levels decreased significantly from the previous year.

As a result, sales in the Fabricated Products and Others segment increased 8.1%, or ¥11,132 million, to ¥149,220 million (¥138,088 million for the previous year). Operating profit increased 42.2%, or ¥3,254 million, to ¥10,958 million (¥7,704 million for the previous year).

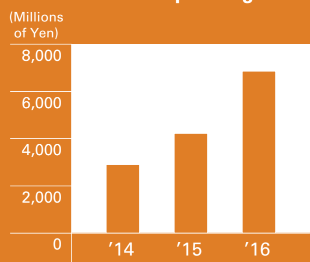
Aluminum Foil, Powder and Paste

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 2015

In the Aluminum Foil segment, overall shipments of high-purity aluminum foil for electrolytic capacitors decreased due to sluggish domestic demand, despite steady progress in the adoption of new products such as powder laminated foil and through-hole foils. Although demand of standard foil remained sluggish particularly for the food products field, sales of high value-added products such as water-repellent fabricated foil for food products and fabricated foil for pharmaceutical packaging were strong. Owing to the expansion of applications in the industrial field, shipments of plain foil for lithium ion battery surfaces significantly increased, and effects of raising the rolling margin price implemented the previous fiscal year were observed throughout the whole of this fiscal year. As a result, sales for the overall segment exceeded levels of the previous year.

With regards to the Aluminum Foil segment, to remove duplicates of organizations and functions within the Group, and with the aim of capitalizing on management resources such as human resources and equipment, as of April 1, 2016, Toyo Aluminium K.K. acquired its subsidiary Tokai Aluminium Foil Co., Ltd., Toyo Aluminium Chiba K.K. and Toyal Techno-Frontier Corp. through absorption-type mergers.

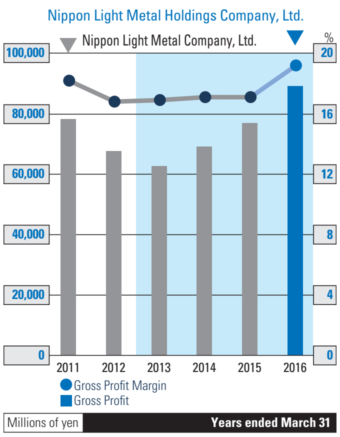
In the Powder and Paste segment, sales of the new products, glass flakes and Colored Alpaste, were strong particularly in the North American market. Also, shipments of aluminum paste for inks and home appliances were robust. However, mainstay products of automobile paint remained in a harsh environment as demand diversified, with an increased preference for colors other than metallic colors such as silver. As a result, sales of the overall segment remained at about the same level as the previous year.

In the Solar segment, amid the continuing trend of market expansion and the increase in solar panel production, sales of back sheets for solar cells rose, as sales expansion efforts such as new customer acquisition are going smoothly, despite some remaining concerns about credit issues among certain users. In the first half of the year, sales of functional ink for solar cells were severely and negatively affected by the intense competition to acquire customers. However, in the second half, sales volumes were headed for recovery owing to the introduction of new products and other factors, leading to overall segment sales increasing year on year.

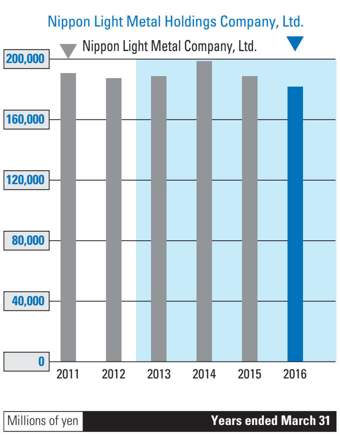
As a result, sales in the Aluminum Foil, Powder and Paste segment increased 6.0%, or ¥5,774 million, to ¥102,001 million (¥96,227 million for the previous year). Operating profit increased 63.3%, or ¥2,646 million, to ¥6,829 million (¥4,183 million for the previous year).

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

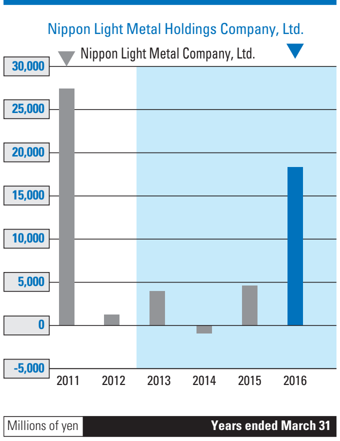
Gross Profit and Gross Profit Margin



Interest-bearing Debt



Free Cash Flows



	Nippon Light Metal Company, Ltd.	
	2011	2012
	(Millions of yen)	
Financial Results		
Net Sales	¥429,433	¥403,009
Gross Profit	78,166	67,559
Gross Profit Margin (%)	18.2	16.8
Operating Profit (Loss)	24,724	13,665
Ordinary Profit (Loss)	18,529	9,709
Profit attributable to owners of parent	11,040	2,856
Segment Information		
Net Sales:		
Aluminum Ingot and Chemicals	107,397	99,560
Aluminum Sheet and Extrusions	69,458	70,618
Fabricated Products and Others	136,095	127,972
Aluminum foil, powder and paste	116,483	104,859
Total	429,433	403,009
Operating Profit (Loss):		
Aluminum Ingot and Chemicals	6,783	5,227
Aluminum Sheet and Extrusions	4,604	1,569
Fabricated Products and Others	5,738	6,392
Aluminum foil, powder and paste	10,245	3,402
Elimination or corporate items	(2,646)	(2,925)
Total	24,724	13,665
Financial Position		
Current Assets	221,956	225,200
Property, plant and equipment	143,767	149,919
Intangible assets	4,458	6,601
Investments and other assets	44,704	40,951
Current liabilities	182,703	192,070
Long-term liabilities	127,425	121,752
Shareholders' equity (Note 3)	98,272	100,033
Total accumulated other comprehensive income (Note 3)	463	434
Non-controlling interests (Note 3)	6,022	8,382
Interest-bearing Debt (Note 2)	190,760	187,697
Cash Flows		
Cash Flows from Operating Activities	26,479	19,537
Depreciation and Amortization	15,831	17,040
Cash Flows from Investing Activities	964	(18,289)
Capital Expenditures	15,363	23,167
Cash Flows from Financing Activities	(30,726)	(6,915)
Per Share Data (yen and dollars)		
Net Income (Loss) - basic	¥ 20.29	¥ 5.25
- diluted	—	—
Net Assets (Note 3)	181.51	184.71
Cash Dividends	2.00	2.00
Indices		
Return on Capital Employed (ROCE) (%)	7.9	4.9
Return on Equity (ROE) (%)	11.8	2.9
Equity Ratio (%)	23.8	23.8
Others		
Number of Shares Outstanding (thousands)	545,126	545,126
R&D Expenditures	4,798	4,902
Number of Employees	9,739	10,041

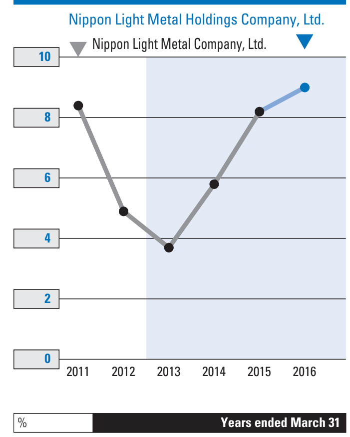
Note 1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥112.68 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

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

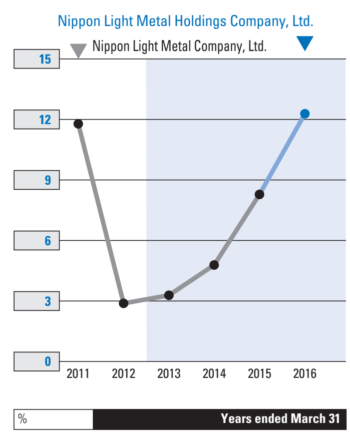
Note 3: Numbers used for the year ended March 2010 have been revised according to the current segment categories.

Nippon Light Metal Holdings Company, Ltd.				
2013	2014	2015	**2016**	**2016**
(Millions of yen)				(Thousands of U.S. dollars) (Note 1)
¥371,887	¥402,829	¥431,477	**¥464,405**	**$4,121,450**
62,715	69,003	76,987	**89,237**	**791,951**
16.9	17.1	17.8	**19.2**	**19.2**
8,154	12,617	19,305	**26,821**	**238,028**
6,873	12,730	20,600	**24,526**	**217,661**
3,355	5,128	9,645	**15,533**	**137,851**
93,902	105,488	114,339	**109,844**	**974,831**
63,161	71,274	82,823	**103,340**	**917,110**
126,218	132,261	138,088	**149,220**	**1,324,281**
88,606	93,806	96,227	**102,001**	**905,228**
371,887	402,829	431,477	**464,405**	**4,121,450**
3,273	2,917	6,069	**9,138**	**81,097**
1,675	2,668	4,230	**3,058**	**27,139**
6,974	7,224	7,704	**10,958**	**97,249**
(771)	2,889	4,183	**6,829**	**60,605**
(2,997)	(3,081)	(2,881)	**(3,162)**	**(28,062)**
8,154	12,617	19,305	**26,821**	**238,028**
217,648	226,807	248,906	**247,363**	**2,195,270**
153,238	150,901	153,235	**152,183**	**1,350,577**
6,338	5,022	4,543	**3,328**	**29,535**
42,562	49,808	50,593	**49,320**	**437,699**
182,173	181,520	202,220	**186,881**	**1,658,511**
122,989	129,824	117,672	**120,894**	**1,072,897**
102,297	105,787	111,791	**124,884**	**1,108,306**
2,851	4,629	9,631	**5,300**	**47,036**
9,476	10,778	15,963	**14,235**	**126,331**
188,844	198,668	188,990	**182,207**	**1,617,031**
18,030	18,148	11,780	**37,770**	**335,197**
16,259	16,435	16,406	**16,356**	**145,154**
(14,025)	(18,998)	(7,119)	**(19,419)**	**(172,338)**
17,121	14,001	15,869	**18,861**	**167,386**
(5,175)	5,762	(17,581)	**(10,708)**	**(95,030)**
¥ 6.17	¥ 9.43	¥ 17.74	**¥ 28.56**	**$ 0.25**
—	—	15.59	**25.10**	**0.22**
193.33	203.03	223.27	**239.39**	**2.12**
3.00	4.00	5.00	**6.00**	**0.05**
3.7	5.8	8.2	**9.0**	
3.3	4.8	8.3	**12.3**	
25.0	25.5	26.6	**28.8**	
545,126	545,126	545,126	**545,126**	
5,063	4,984	4,495	**4,794**	**$42,545.26**
10,392	10,438	13,335	**12,961**	

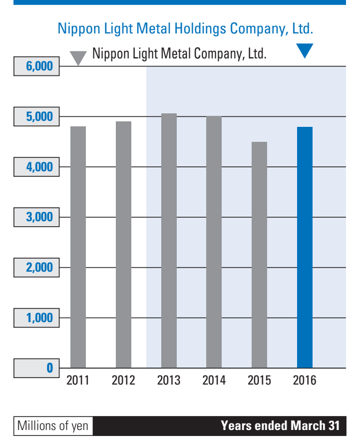
Return on Capital Employed (ROCE)



Return on Equity (ROE)



R&D Expenditures



Overview

The Japanese economy during fiscal 2015 (the year ended March 31, 2016) experienced a moderate recovery trend. Although production and exports appeared weak due to slowdown in China and other emerging economies, corporate earnings improved, particularly for those companies that benefitted from yen depreciation and low resources costs, and personal consumption was solid, underpinned by a rebound in the employment and income environment, among other factors. However, advancing yen appreciation and lower stock prices since the start of the year, as well as signs of trends toward stagnation in personal consumption, have led to a growing sense of uncertainty about the future.

The domestic aluminum industry during the year under review saw robust demand for trucks in the transport industry, together with further adoption of aluminum parts for passenger vehicles, especially for luxury cars. However, with declining domestic automobile production and a decrease in shipments of aluminum for construction materials, overall demand for aluminum products declined slightly year on year. In terms of price, aluminum ingot market prices experienced downward momentum throughout the fiscal year.

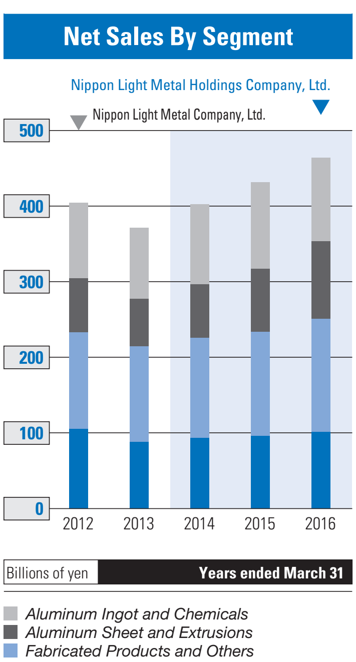
Given these circumstances, as a culmination of the three-year Mid-Term Management Plan (hereinafter "Current Mid-Term Plan") which commenced in fiscal 2013, the NLM Group worked in line with its basic policies to maximize consolidated earnings and raise corporate value by strengthening cooperation within the Group under a holding company format. With regard to business results for the fiscal year ended March 31, 2016, both revenue and profit increased as indicated below.

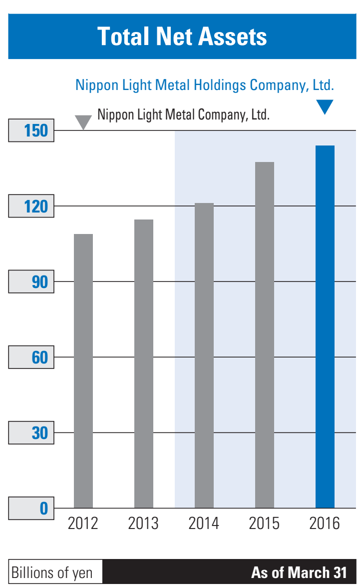
Overview of Consolidated Business Performance (Millions of yen)

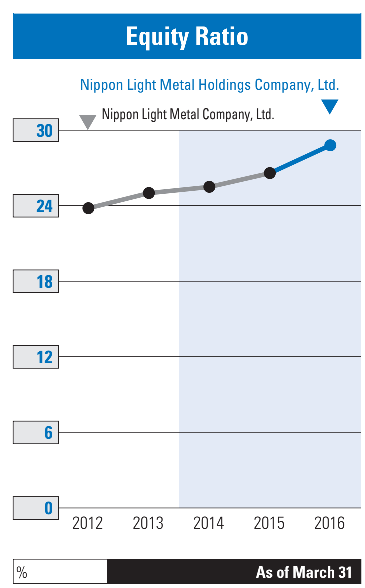
	Fiscal year under Review The year ended March 31, 2016	Previous fiscal year The year ended March 31, 2015	Changes in Comparison [Decrease in brackets] Changes [Percent changes]
Net sales	464,405	431,477	32,928 (7.6%)
Operating profit	26,821	19,305	7,516 (38.9%)
Ordinary profit	24,526	20,600	3,926 (19.1%)
Net income attributable to owners of parent	15,533	9,645	5,888 (61.0%)
Net income per share (yen)	28.56	17.74	10.82 (61.0%)

Regarding net sales, the increase was attributable to increases in sales volumes for products in segments including the Alumina and Chemicals segment, the Aluminum Ingot segment, the Aluminum Sheet segment, the Aluminum Extrusions segment, the Transport-Related segment, and the Panel System segment. On the profit front, the revision of sales prices implemented in each segment and the effect of thorough profit and loss management executed from the development stage also contributed to higher profit.

The Group surpassed all of the target figures stated for the final year of the Current Mid-Term Plan; net sales of ¥440.0 billion,







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.

operating profit of ¥25.0 billion, ordinary profit of ¥22.0 billion and net income attributable to owners of parent of ¥14.0 billion.

Earnings and Expenses

NLM Holdings' consolidated net sales for the fiscal year under review increased 7.6% year on year to ¥464.4 billion ($4,121 million). For sales and other financial performance by business segment, please see the Review of Operations on pages • to •.

The cost of sales was ¥375.2 billion ($3,329 million), and the cost of sales ratio was 80.8%. Selling, general and administrative expenses were ¥62.4 billion ($554 million). As a result, operating profit increased 38.9% year on year to ¥26.8 billion ($238 million)

Non-operating income totaled ¥4.0 billion ($36 million) during the year under review. Equity in earnings of affiliates decreased 51.9% year on year to ¥1.0 billion ($9 million) and dividend income fell 57.9% year on year to ¥0.4 billion ($4 million). Non-operating expenses were ¥6.3 billion ($56 million), including foreign exchange losses of ¥1.1 billion ($10 million). As a result, ordinary profit rose 19.1% year on year to ¥24.5 billion ($218 million).

There were no special gains. Special losses amounted to ¥1.0 billion ($9 million).

As a result, the Group posted income before income taxes during the period under review of ¥23.5 billion ($209 million). Corporate, inhabitant and business taxes amounted to ¥5.8 billion ($52 million) and deferred income taxes during the fiscal year under review were ¥1.2 billion ($10 million). Net income amounted to ¥16.5 billion ($146 million).

As a result of the above, net income attributable to owners of parent in the fiscal year under review increased 61.0% year on year to ¥15.5 billion ($137 million). The average number of shares outstanding fell from 543,835 thousand in the previous year to 543,826 thousand. Accordingly, net income per share rose from ¥17.7 in the previous year to ¥28.6 ($0.25). The annual cash dividend per share increased by ¥1.0 year on year to ¥6.0 ($0.05), by resolution at the General Meeting of Shareholders held on June 24, 2016.

Overview of Consolidated Balance Sheets (Millions of yen)

	March 31, 2016	March 31, 2015	Changes in comparison
Total assets	452,194	457,277	(5,083)
Total liabilities	307,775	319,892	(12,117)
Net assets	144,419	137,385	7,034
Equity ratio (%)	28.8	26.6	2.2

Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2016 decreased ¥5.1 billion year on year to ¥452.1 billion ($4,013 million). Total liabilities fell ¥12.1 billion year on year to ¥307.8 billion ($2,731 million). Interest-bearing debt decreased ¥6.8 billion year on year to ¥182.2 billion.

Total net assets increased ¥7.0 billion year on year to ¥144.4 billion ($1,282 million), primarily owing to an increase in retained earnings due to the recording of net income in the fiscal year under review. Net assets per share increased ¥16.12 year on year to ¥239.39 ($2.12), while the equity ratio rose 2.2 percentage points year on year to 28.8%.

Cash Flows

Cash and cash equivalents on a consolidated basis as of March 31, 2016 increased ¥7.1 billion, to ¥36.5 billion ($324 million).

Net cash provided by operating activities totaled ¥37.8 billion ($335 million). Net cash used in investing activities was ¥19.4 billion ($172 million). The main outflows were payments for purchases of fixed assets. Net cash used in financing activities totaled ¥10.7 billion ($95 million). The main inflows were ¥28.9 billion ($257 million) in proceeds from long-term debt. The main outflows were ¥25.9 billion ($230 million) in repayments of long-term debt.

Outlook for Fiscal 2016

With regard to the Japanese economy in the future, a moderate recovery had been expected to continue owing to low crude oil prices and strong personal consumption due to improvements in the employment and income environment. However, due to the rapid yen appreciation that began from January 2016, and concerns over how the fall in stock prices will impact corporate earnings, particularly in export companies, there is a heightened risk of an economic downturn. With regard to overseas, while the U.S. economy is set to continue its gradual recovery, slowdown in China and other emerging economies is also expected to persist. Moreover, with the threat of terrorism and refugee problems causing concern, it has become difficult to be optimistic with regard to the future of the world economy.

Regarding the demand for aluminum products, given growing demand in China, and rising needs for lighter vehicles and expanding usage in transport machinery and industrial machinery among other factors in the future worldwide, we anticipate that global demand to steadily increase in the medium term.

Under such circumstances, the Group has formulated a Mid-Term Management Plan that is scheduled to conclude in the fiscal year ending March 31, 2019. The aims of the plan include creating new products, enhancing cooperative efforts within the Group and strengthening the profitability of overseas business bases, in order to maximize the consolidated revenue. For details on the Mid-Term Management Plan, please see the feature on pages • to •.

Our forecasts for the year ending March 31, 2017 are net sales of ¥455.0 billion, operating profit of ¥27.0 billion, and ordinary profit of ¥25.0 billion, and net income attributable to the parent or its shareholders of ¥16.0 billion. We expect net income per share to total ¥29.42 and a dividend per share of ¥6.0.

Consolidated Balance Sheets

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31,		
	2015	**2016**	**2016**
Assets	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Current assets:			
Cash and deposits (Notes 4 and 7)	¥ 29,823	**¥ 36,875**	**$ 327,254**
Notes and accounts receivable – trade (Note 7)	133,976	**135,357**	**1,201,251**
Finished products	27,865	**25,270**	**224,263**
Work-in-progress, including costs related to construction-type contracts	16,979	**16,459**	**146,069**
Raw material and supplies	22,808	**18,294**	**162,354**
Deferred tax assets (Note 10)	5,008	**5,396**	**47,888**
Other current assets	13,465	**10,742**	**95,332**
Allowance for doubtful accounts	(1,018)	**(1,030)**	**(9,141)**
Total current assets	248,906	**247,363**	**2,195,270**
Property, plant and equipment (Note 6):			
Land	54,997	**54,910**	**487,309**
Buildings and structures	131,397	**132,114**	**1,172,471**
Machinery and equipment	272,900	**275,101**	**2,441,436**
Tools, furniture and fixtures	31,451	**31,070**	**275,737**
Construction-in-progress	5,158	**6,500**	**57,685**
Accumulated depreciation	(342,668)	**(347,512)**	**(3,084,061)**
Total property, plant and equipment	153,235	**152,183**	**1,350,577**
Intangible assets:			
Goodwill	1,006	**45**	**399**
Other intangible assets (Note 6)	3,537	**3,283**	**29,136**
Total intangible assets	4,543	**3,328**	**29,535**
Investments and other assets:			
Investment securities (Notes 5, 6 and 7)	36,899	**35,993**	**319,427**
Deferred tax assets (Note 10)	9,146	**8,105**	**71,929**
Other assets	5,035	**5,781**	**51,304**
Allowance for doubtful accounts	(487)	**(559)**	**(4,961)**
Total investments and other assets	50,593	**49,320**	**437,699**
Total assets	¥ 457,277	**¥ 452,194**	**$ 4,013,081**

Liabilities and net assets	March 31, 2015 (Millions of yen)	2016 (Millions of yen)	2016 (Thousands of U.S. dollars) (Note 3)
Current liabilities:			
Short-term borrowings (Notes 6 and 7)	¥ 70,108	¥ 60,802	$ 539,599
Current portion of long-term debt (Notes 6 and 7)	26,562	25,894	229,801
Notes and accounts payable – trade (Note 7)	69,060	67,943	602,973
Income taxes payable	2,392	3,684	32,694
Other current liabilities	34,098	28,558	253,444
Total current liabilities	202,220	186,881	1,658,511
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	95,924	98,293	872,320
Liabilities for retirement benefits (Note 9)	18,797	20,364	180,724
Deferred tax liabilities on land revaluation surplus (Notes 10 and 12)	410	50	444
Other long-term liabilities (Notes 6, 7 and 10)	2,541	2,187	19,409
Total long-term liabilities	117,672	120,894	1,072,897
Total liabilities	319,892	307,775	2,731,408
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 2,000,000,000 shares			
Issued: 545,126,049 shares	39,085	39,085	346,867
Additional paid-in capital	11,179	11,460	101,704
Retained earnings	61,639	74,452	660,738
Treasury stock, at cost (1,295,748 shares in 2015 and 1,303,047 shares in 2016)	(112)	(113)	(1,003)
Total shareholders' equity	111,791	124,884	1,108,306
Accumulated other comprehensive income:			
Net unrealized gains on securities (Note 5)	3,493	2,892	25,666
Net unrealized losses on hedges (Note 13)	(25)	(105)	(932)
Revaluation surplus (Note 12)	145	145	1,287
Foreign currency translation adjustments	6,198	3,871	34,354
Remeasurements of defined benefits plans	(180)	(1,503)	(13,339)
Total accumulated other comprehensive income	9,631	5,300	47,036
Non-controlling interests	15,963	14,235	126,331
Total net assets	137,385	144,419	1,281,673
Contingent liabilities (Note 15)			
Total liabilities and net assets	¥457,277	¥452,194	$4,013,081

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, 2015	March 31, 2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net sales	¥431,477	¥464,405	$4,121,450
Cost of sales (Note 14)	354,490	375,168	3,329,499
Gross profit	76,987	89,237	791,951
Selling, general and administrative expenses (Note 14)	57,682	62,416	553,923
Operating profit	19,305	26,821	238,028
Non-operating income:			
Interest income	83	97	861
Dividend income	989	416	3,692
Equity in earnings of affiliates	2,097	1,008	8,946
Rental income	666	648	5,751
Other	2,840	1,874	16,631
Total non-operating income	6,675	4,043	35,881
Non-operating expenses:			
Interest expense	2,382	2,139	18,983
Foreign exchange losses	—	1,104	9,798
Other	2,998	3,095	27,467
Total non-operating expenses	5,380	6,338	56,248
Ordinary profit	20,600	24,526	217,661
Special gains:			
Gain on refund of investment securities due to capital reduction	1,845	—	—
Gain on sales of fixed assets (Note 14)	1,397	—	—
Gain on negative goodwill	604	—	—
Total special gains	3,846	—	—
Special losses:			
Loss on impairment of fixed assets (Note 16)	6,201	678	6,017
Loss on removal cost of fixed assets	—	332	2,946
Cost of corrective measures for products	920	—	—
Environmental expenses	573	—	—
Loss on step acquisitions	569	—	—
Total special losses	8,263	1,010	8,963
Profit before income taxes	16,183	23,516	208,698
Income taxes (Note 10):			
Current	4,161	5,835	51,784
Deferred	1,049	1,180	10,472
	5,210	7,015	62,256
Net profit	10,973	16,501	146,442
Profit attributable to non-controlling interests	1,328	968	8,591
Profit attributable to owners of parent	¥ 9,645	¥ 15,533	$ 137,851
	(Yen)		(U.S. dollars) (Note 3)
Per share of common stock (Note 17):			
Net asset	¥ 223.27	¥ 239.39	$ 2.12
Net income	17.74	28.56	0.25
Cash dividends	5.00	6.00	0.05

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

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31, 2015	March 31, 2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net profit	¥10,973	**¥16,501**	**$146,442**
Other comprehensive income			
Net unrealized gains (losses) on securities	1,104	**(532)**	**(4,721)**
Net unrealized losses on hedges	(15)	**(80)**	**(710)**
Foreign currency translation adjustments	2,317	**(2,358)**	**(20,927)**
Remeasurements of defined benefit plans	761	**(1,413)**	**(12,540)**
Equity of other comprehensive income (losses) of affiliates	1,524	**(727)**	**(6,452)**
Total other comprehensive income (losses) (Note 8)	5,691	**(5,110)**	**(45,350)**
Comprehensive income	¥16,664	**¥11,391**	**$101,092**
Attributable to:			
owners of parent	¥14,647	**¥11,202**	**$ 99,415**
non-controlling interests	2,017	**189**	**1,677**
	¥16,664	**¥11,391**	**$101,092**

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

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	Profit attributable to non-controlling interests	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
Cash dividends			(2,176)								(2,176)
Profit attributable to owners of parent			9,645								9,645
Change in treasury shares of parent arising from transactions with non-controlling shareholders											—
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 profit attributable to non-controlling interests										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

2016

	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	Profit attributable to non-controlling interests	Total net assets
	(Millions of yen)										
Balance at April 1, 2015	¥ 39,085	¥ 11,179	¥ 61,639	¥(112)	¥ 3,493	¥ (25)	¥ 145	¥ 6,198	¥ (180)	¥ 15,963	¥ 137,385
Cumulative effects of changes in accounting policies											—
Restated balance at the beginning of the year	39,085	11,179	61,639	(112)	3,493	(25)	145	6,198	(180)	15,963	137,385
Cash dividends			(2,720)								(2,720)
Profit attributable to owners of parent			15,533								15,533
Change in treasury shares of parent arising from transactions with non-controlling shareholders		281								(1,452)	(1,171)
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries											—
Net increase in treasury stock				(1)							(1)
Net unrealized gains on securities (Note 5)					(601)						(601)
Net unrealized gains on hedges						(80)					(80)
Foreign currency translation adjustments								(2,327)			(2,327)
Remeasurements of defined benefits plans									(1,323)		(1,323)
Net increase in profit attributable to non-controlling interests										(276)	(276)
Balance at March 31, 2016	**¥39,085**	**¥11,460**	**¥74,452**	**¥(113)**	**¥2,892**	**¥(105)**	**¥145**	**¥3,871**	**¥(1,503)**	**¥14,235**	**¥144,419**

2016

	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	Profit attributable to non-controlling interests	Total net assets
	(Thousands of U.S. dollars) (Note 3)										
Balance at April 1, 2015	$ 346,867	$ 99,210	$ 547,026	$ (994)	$ 30,999	$ (222)	$ 1,287	$ 55,005	$ (1,597)	$ 141,667	$ 1,219,248
Cumulative effects of changes in accounting policies											—
Restated balance at the beginning of the year	346,867	99,210	547,026	(994)	30,999	(222)	1,287	55,005	(1,597)	141,667	1,219,248
Cash dividends			(24,139)								(24,139)
Profit attributable to owners of parent			137,851								137,851
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2,494								(12,886)	(10,392)
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries											—
Net increase in treasury stock				(9)							(9)
Net unrealized gains on securities (Note 5)					(5,333)						(5,333)
Net unrealized gains on hedges						(710)					(710)
Foreign currency translation adjustments								(20,651)			(20,651)
Remeasurements of defined benefits plans									(11,742)		(11,742)
Net increase in profit attributable to non-controlling interests										(2,450)	(2,450)
Balance at March 31, 2016	**$346,867**	**$101,704**	**$660,738**	**$(1,003)**	**$25,666**	**$(932)**	**$1,287**	**$34,354**	**$(13,339)**	**$126,331**	**$1,281,673**

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, 2015	March 31, 2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Cash flows from operating activities			
Profit before income taxes	¥ 16,183	¥ 23,516	$ 208,698
Depreciation and amortization	16,406	16,356	145,154
Loss on impairment of fixed assets	6,201	678	6,017
Loss on removal cost of fixed assets	—	332	2,946
Cost of corrective measures for products	920	—	—
Environmental expenses	573	—	—
Loss on step acquisitions	569	—	—
Gain on refund investment securities due to capital reduction	(1,845)	—	—
Gain on sales of fixed assets	(1,397)	—	—
Gain on negative goodwill	(604)	—	—
Increase (decrease) in allowance for doubtful accounts	(43)	90	799
Decrease in liability for retirement benefit	(185)	(266)	(2,361)
Interest and dividend income	(1,072)	(513)	(4,553)
Interest expense	2,382	2,139	18,983
Equity in earnings of affiliates	(2,097)	(1,008)	(8,946)
Increase in notes and accounts receivable – trade	(10,412)	(2,776)	(24,636)
(Increase) decrease in inventories	(12,811)	6,399	56,789
Increase in notes and accounts payable – trade	846	646	5,733
Other	4,310	(3,392)	(30,102)
Subtotal	17,924	42,201	374,521
Interest and dividend income received	1,602	1,010	8,963
Interest paid	(2,462)	(2,130)	(18,903)
Income taxes paid	(5,284)	(3,311)	(29,384)
Net cash provided by operating activities	11,780	37,770	335,197
Cash flows from investing activities			
Payments into time deposits	(380)	(374)	(3,319)
Proceeds from withdrawal of time deposits	414	374	3,319
Payments for purchases of fixed assets	(13,062)	(19,081)	(169,338)
Proceeds from sales of fixed assets	2,077	176	1,562
Payments for purchases of investment securities	(916)	(334)	(2,964)
Proceeds from refund of investment securities due to capital reduction	3,686	—	—
Proceeds from acquisition of shares of subsidiaries resulting into change in scope of consolidation	1,190	—	—
Payments of loans receivable	(272)	(13)	(115)
Collection of loans receivable	16	12	106
Other	128	(179)	(1,589)
Net cash used in investing activities	(7,119)	(19,419)	(172,338)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	4,896	(8,292)	(73,589)
Proceeds from long-term debt	10,236	28,914	256,603
Repayments of long-term debt	(26,774)	(25,938)	(230,192)
Redemption of bonds	(2,000)	—	—
Cash dividends paid	(2,165)	(2,709)	(24,042)
Cash dividends paid to non-controlling interests	(555)	(516)	(4,579)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,094)	(9,709)
Other	(1,219)	(1,073)	(9,522)
Net cash used in financing activities	(17,581)	(10,708)	(95,030)
Effect of exchange rate changes on cash and cash equivalents	744	(591)	(5,245)
Net increase (decrease) in cash and cash equivalents	(12,176)	7,052	62,584
Cash and cash equivalents at beginning of the year	41,597	29,433	261,209
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	12	—	—
Cash and cash equivalents at end of the year (Note 4)	¥ 29,433	¥ 36,485	$ 323,793

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 benefit formula 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 and others in the market. Derivatives designated as hedging instruments are principally forward foreign exchange contracts, interest rate swap contracts and aluminum ingot and others forward contracts. The underlying hedged items are trade accounts receivable and payable, long-term bank loans and sales or purchases of aluminum ingot and others.

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 consolidated subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of September 13, 2013), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of September 13, 2013) effective from April 1, 2015. As a result, under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of profit attributable to owners of parent was amended, the reference to "minority interests" was changed to "non-controlling interests," and accounting treatment for adjustments to provisional amounts during measurement period was also changed.

The cumulative impact of the retroactive application of the new accounting policies over all past periods as April 1, 2015 was reflected in capital surplus and retained earnings.

The application of the Accounting Standard for Business Combinations and the other standards follows the transitional treatment specified in Article 58-2(4) of the Accounting Standard for Business Combinations, Article 44-5(4) of the Accounting Standard for Consolidated Financial Statement, and Article 57-4(4) of the Accounting Standard for Business Divestiture. The application of these standards has been under way since the beginning of the consolidated fiscal year under review, and will continue to be applied going forward.

As a result, operating profit and ordinary profit increased by ¥13 million ($115 thousand), profit before income taxes decreased by ¥281 million ($2,494 thousand) for the year ended March 31, 2016, additional paid-in capital decreased by ¥281 million ($2,494 thousand) at the year ended March 31, 2016.

In the Consolidated Statements of Cash Flows for the consolidated fiscal year under review, payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation is recorded under "Cash flows from financing activities."

The balance at the end of fiscal year for additional paid-in capital in the Consolidated Statements of Changes in Net Assets increased in ¥281 million ($2,494 thousand) for the year ended March 31, 2016.

3. U.S. DOLLAR AMOUNTS

The rate of ¥112.68 = U.S.$1, the approximate exchange rate prevailing at March 31, 2016, 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, 2015 and 2016 is summarized as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥29,823	¥36,875	$327,254
Time deposits with maturities in excess of 3 months	(390)	(390)	(3,461)
Cash and cash equivalents	¥29,433	¥36,485	$323,793

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, 2015 and 2016 was as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Cost	¥2,895	¥3,909	$34,691
Unrealized gains	4,723	3,836	34,043
Unrealized losses	(19)	(65)	(576)
Carrying amount	¥7,599	¥7,680	$68,158

(b) Sales of available-for-sale securities

The realized gains on sales of available-for-sale securities for the years ended March 31, 2015 and 2016 was as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Sales proceeds	¥109	¥173	$1,535
Realized gains on sales	87	102	905
Realized losses on sales	—	—	—

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2016 bore interest at annual rates ranging from 0.03% to 7.60% and mainly consisted of bank loans and short-term notes maturing at various dates within one year.

Long-term debt at March 31, 2015 and 2016 comprised the following:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Loans, principally from banks and insurance companies due from 2017 to 2072 with interest rates ranging from 0.00% to 4.75%:			
Secured	¥ 6,521	¥ 5,346	$ 47,444
Unsecured	93,440	97,183	862,469
Convertible bonds due December 10, 2018 (*1)	15,000	15,000	133,120
Unsecured 2.56% bonds due March 29, 2072, redeemable before due date	3,200	3,200	28,399
Unsecured 1.50% bonds due June 1, 2017, redeemable before due date	721	676	5,999
Capital lease obligations due from 2016 to 2029 with interest rates ranging from 1.20% to 6.88%	3,604	2,782	24,690
	122,486	124,187	1,102,121
Less: portion due within one year	(26,562)	(25,894)	(229,801)
Total long-term debt	¥ 95,924	¥ 98,293	$ 872,320

(*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, 2015 and 2016 as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Property, plant and equipment	¥ 42,254	¥ 43,376	$ 384,949
Investment securities	66	60	532
Other intangible assets	408	381	3,381

The aggregate annual maturities of long-term debt outstanding at March 31, 2016 are summarized as follows:

Years ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2017	¥ 25,894	$ 229,801
2018	21,410	190,007
2019	33,389	296,317
2020	10,223	90,726
2021	5,334	47,338
Thereafter	27,780	246,539
	¥124,030	$1,100,728

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, 2015 and 2016 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)	—

**1 Liabilities are shown in parenthesis.*

**2 The current portion of long-term borrowings is included in long-term borrowings.*

	2016		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Millions of yen)		
(1) Cash and deposits	¥ 36,875	¥ 36,875	¥ —
(2) Notes and accounts receivable – trade	135,357	135,357	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	4,096	1,509	(2,587)
Other securities	7,680	7,680	—
(4) Notes and accounts payable – trade	(67,943)	(67,943)	—
(5) Short-term borrowings *2	(60,802)	(60,802)	—
(6) Bonds	(18,876)	(18,437)	439
(7) Long-term borrowings *2	(102,529)	(102,913)	(384)
(8) Derivatives	(151)	(151)	—

	2016		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Thousands of U.S. dollars)		
(1) Cash and deposits	$ 327,254	$ 327,254	$ —
(2) Notes and accounts receivable – trade	1,201,251	1,201,251	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	36,351	13,392	(22,959)
Other securities	68,158	68,158	—
(4) Notes and accounts payable – trade	(602,973)	(602,973)	—
(5) Short-term borrowings *2	(539,599)	(539,599)	—
(6) Bonds	(167,519)	(163,623)	3,896
(7) Long-term borrowings *2	(909,913)	(913,321)	(3,408)
(8) Derivatives	(1,340)	(1,340)	—

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

Notes

(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 ¥24,604 million and ¥24,217 million ($214,918 thousand) as of March 31, 2015 and 2016 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, 2015 and 2016 are as follows:

	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	¥ —

	2016			
	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	**¥ 36,830**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable – trade	**135,357**	**—**	**—**	**—**
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	**2**	**7**	**1**	**—**
Corporate debt securities	**—**	**—**	**—**	**—**
	¥172,189	**¥ 7**	**¥ 1**	**¥ —**

	2016			
	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	**$ 326,855**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable – trade	**1,201,251**	**—**	**—**	**—**
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	**18**	**62**	**9**	**—**
Corporate debt securities	**—**	**—**	**—**	**—**
	$1,528,124	**$ 62**	**$ 9**	**$ —**

4. The redemption schedule for bonds and long-term borrowings at March 31, 2015 and 2016 are as follows:

	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

	2016		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds	¥ —	¥ 15,676	¥ 3,200
Long-term borrowings	25,261	53,147	23,964
	¥ 25,261	¥ 68,823	¥ 27,164

	2016		
	Due within one year	Due after one year but within five years	Due after five years
	(Thousands of U.S. dollars)		
Bonds	$ —	$ 139,120	$ 28,399
Long-term borrowings	224,184	471,663	212,673
	$ 224,184	$ 610,783	$ 241,072

5. The fair value of derivatives at March 31, 2015 and 2016 are as follows:

Currency-related transactions

	2015			
	Hedge item	Notional amount	Maturity over 1 year	Fair value
		(Millions of yen)		
Forward foreign exchange				
Deferred hedge method	Accounts receivable	¥ 285	¥ —	¥ (1)
	Accounts payable	1,863	—	4
Net Valuation method using forward foreign exchange contracts	Accounts receivable	1,165	—	—
	Accounts payable	390	—	—

Interest-related transactions

	2015			
	Hedge item	Notional amount	Maturity over 1 year	Fair value
		(Millions of yen)		
Interest rate swap				
Fixed rate payment / Floating rate receipt				
Deferred hedge method	Long-term borrowings	¥ 2,670	¥ 1,600	¥ (17)
Short-cut method of interest rate swap transactions	Long-term borrowings	32,713	30,909	—

Commodity-related transactions

	2015			
	Hedge item	Notional amount	Maturity over 1 year	Fair value
		(Millions of yen)		
Aluminum ingot forward contracts and others				
Fair value hedge accounting	Accounts receivable	¥ 580	¥ —	¥ 4
	Accounts payable	1,652	—	(33)

Currency-related transactions

	Hedge item	Notional amount	Maturity over 1 year	Fair value
		2016		
			(Millions of yen)	
Forward foreign exchange				
Deferred hedge method	Accounts receivable	¥ 179	¥ —	¥ 0
	Accounts payable	1,810	—	(37)
Net Valuation method using forward foreign exchange contracts	Accounts receivable	790	—	—
	Accounts payable	232	—	—

Interest-related transactions

	Hedge item	Notional amount	Maturity over 1 year	Fair value
		2016		
			(Millions of yen)	
Interest rate swap				
Fixed rate payment / Floating rate receipt				
Deferred hedge method	Long-term borrowings	¥ 2,089	¥ 1,191	¥ (17)
Short-cut method of interest rate swap transactions	Long-term borrowings	38,932	37,644	—

Commodity-related transactions

	Hedge item	Notional amount	Maturity over 1 year	Fair value
		2016		
			(Millions of yen)	
Aluminum ingot forward contracts and others				
Fair value hedge accounting	Accounts receivable	¥ 657	¥ —	¥ 9
	Accounts payable	2,593	—	(106)

Currency-related transactions

	Hedge item	Notional amount	Maturity over 1 year	Fair value
		2016		
			(Millions of yen)	
Forward foreign exchange				
Deferred hedge method	Accounts receivable	$ 1,589	$ —	$ 0
	Accounts payable	16,063	—	(328)
Net Valuation method using forward foreign exchange contracts	Accounts receivable	7,011	—	—
	Accounts payable	2,059	—	—

Interest-related transactions

	Hedge item	Notional amount	Maturity over 1 year	Fair value
		2016		
			(Millions of yen)	
Interest rate swap				
Fixed rate payment / Floating rate receipt				
Deferred hedge method	Long-term borrowings	$ 18,539	$ 10,570	$ (151)
Short-cut method of interest rate swap transactions	Long-term borrowings	345,509	334,079	—

Commodity-related transactions

	Hedge item	Notional amount	Maturity over 1 year	Fair value
		2016		
			(Millions of yen)	
Aluminum ingot forward contracts and others				
Fair value hedge accounting	Accounts receivable	$ 5,831	$ —	$ 80
	Accounts payable	23,012	—	(941)

8. OTHER COMPREHENSIVE INCOME

Each component of other comprehensive income for the year ended March 31, 2015 and 2016 were as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Unrealized gains (losses) on securities:			
Amount arising during the year	¥ 1,411	¥ (866)	$ (7,685)
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent	—	(100)	(888)
Before-tax amount	1,411	(966)	(8,573)
Tax benefit	(307)	434	3,852
Net-of-tax amount	1,104	(532)	(4,721)
Unrealized gains (losses) on hedges:			
Amount arising during the year	77	205	1,819
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent	(96)	(314)	(2,786)
Before-tax amount	(19)	(109)	(967)
Tax benefit	4	29	257
Net-of-tax amount	(15)	(80)	(710)
Foreign currency translation adjustments:			
Amount arising during the year	2,317	(2,358)	(20,927)
Remeasurements of defined benefit plans:			
Amount arising during the year	869	(2,041)	(18,113)
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent	(342)	68	603
Before-tax amount	527	(1,973)	(17,510)
Tax benefit	234	560	4,970
Net-of-tax amount	761	(1,413)	(12,540)
Equity of other comprehensive income (loss) of affiliates:			
Amount arising during the year	1,524	(727)	(6,452)
Total other comprehensive income	¥ 5,691	¥ (5,110)	$ (45,350)

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, 2015 and 2016 are as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year	¥31,391	¥36,260	$321,796
Cumulative effects of changes in accounting policies	2,320	—	—
Restated balance at the beginning of the year	33,711	36,260	321,796
Increase by acquisition of a consolidated subsidiary	983	—	—
Service cost	1,868	1,980	17,572
Interest cost	442	477	4,233
Actuarial gain or loss	451	1,348	11,963
Retirement benefits paid	(1,639)	(1,664)	(14,767)
Others	444	(159)	(1,411)
Balance at the end of the year	¥36,260	¥38,242	$339,386

The changes in plan assets during the years ended March 31, 2015 and 2016 are as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year	¥20,546	¥23,783	$211,067
Increase by acquisition of a consolidated subsidiary	486	—	—
Expected return on plan assets	334	464	4,118
Actuarial gain or loss	1,320	(693)	(6,150)
Employer contributions	1,937	2,098	18,619
Retirement benefits paid	(1,195)	(1,115)	(9,895)
Others	355	(87)	(773)
Balance at the end of the year	¥23,783	¥24,450	$216,986

The changes in liability for retirement benefits on the simplified method during the years ended March 31, 2015 and 2016 are as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year	¥ 6,285	¥6,320	$ 56,088
Retirement benefit expenses	794	960	8,520
Retirement benefits paid	(390)	(413)	(3,665)
Contributions for the plans	(369)	(295)	(2,619)
Balance at the end of the year	¥ 6,320	¥6,572	$ 58,324

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2015 and 2016 for the defined benefit plans:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Funded retirement benefit obligation	¥ 43,449	¥ 45,714	$ 405,698
Fair value of plan assets	(26,856)	(27,665)	(245,519)
	16,593	18,049	160,179
Unfunded retirement benefit obligation	2,204	2,315	20,545
Net liability for retirement benefits in the consolidated balance sheets	¥ 18,797	¥ 20,364	$ 180,724
Liability for retirement benefits	¥ 18,797	¥ 20,364	$ 180,724
Net liability for retirement benefits in the consolidated balance sheets	¥ 18,797	¥ 20,364	$ 180,724

The components of retirement benefit expenses for the years ended March 31, 2015 and 2016 are as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 1,868	¥ 1,980	$ 17,572
Interest cost	442	477	4,233
Expected return on plan assets	(334)	(464)	(4,118)
Amortization of unrecognized actuarial gain or loss	176	10	89
Amortization of prior service cost	(28)	(26)	(231)
Retirement benefit expenses on the simplified method	785	960	8,520
Retirement benefit expenses on the defined benefit plan	¥ 2,909	¥ 2,937	$ 26,065

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2016 are as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Prior service cost	¥ 78	¥ 24	$ 213
Actuarial loss	(605)	1,949	17,297
Total	¥ (527)	¥ 1,973	$ 17,510

Remeasurements of defined benefits plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2016 as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Unrecognized prior service cost	¥ (252)	¥ (228)	$ (2,023)
Unrecognized actuarial gain or loss	598	2,547	22,604
Total	¥ 346	¥ 2,319	$ 20,581

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2016 as follows:

	2015	2016
General account	32%	35%
Domestic bonds	21%	23%
Foreign stocks	15%	13%
Domestic stocks	13%	11%
Foreign bonds	9%	9%
Others	10%	9%
Total	100%	100%

The total fair value of plan assets includes 3% and 3% of the retirement benefit trust set to the corporate pension plan at March 31, 2015 and 2016 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:

	2015	2016
Discount rate	1.0%	1.0%
Expected rate of return on plan assets	1.0%	1.0%

Required contribution of the consolidated subsidiaries for the defined contribution pension plans as of March 31, 2015 and 2016 as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Required contribution	¥ 3	¥ 6	$ 53

10. INCOME TAXES

Significant components of deferred tax assets and liabilities at March 31, 2015 and 2016 were as follows:

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Tax loss carry forwards	¥ 15,249	¥11,216	$ 99,539
Net defined benefit liabilities	6,243	6,065	53,825
Unrealized intercompany loss	2,906	2,761	24,503
Accrued bonuses	1,679	1,748	15,513
Allowance for doubtful accounts	1,702	1,631	14,475
Loss on disposal of fixed assets	827	766	6,798
Other	10,201	9,947	88,276
Total deferred tax assets	38,807	34,134	302,929
Valuation allowance	(21,087)	(16,156)	(143,380)
Total deferred tax assets, net of valuation allowance	17,720	17,978	159,549
Deferred tax liabilities:			
Undistributed retained earnings of subsidiaries and associates	(214)	(1,178)	(10,454)
Unrealized gain on securities	(1,494)	(1,083)	(9,611)
Revaluation gain on subsidiaries	(1,029)	(974)	(8,644)
Unrealized intercompany profit	(962)	(912)	(8,094)
Other	(595)	(834)	(7,402)
Total deferred tax liabilities	(4,294)	(4,981)	(44,205)
Net deferred tax assets	¥ 13,426	¥12,997	$ 115,344

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

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets (current assets)	¥ 5,008	¥5,396	$ 47,888
Deferred tax assets (investments and other assets)	9,146	8,105	71,929
Other long-term liabilities	(728)	(504)	(4,473)

In addition to the above, the Company recorded deferred tax liabilities on land revaluation surplus of ¥410 million and ¥50 million ($444 thousand) at March 31, 2015 and 2016 separately.

A reconciliation of the differences between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2015 and 2016 was summarized as follows:

	2015	2016
Statutory income tax rate	35.6%	33.1%
Increase (decrease) in taxes resulting from:		
Undistributed retained earnings of subsidiaries and associates	—	4.3
Permanently non-deductible expenses	1.1	1.7
Amortization of goodwill	1.5	1.4
Inhabitant taxes per capita	1.0	0.6
Decrease in deferred tax assets due to a change in tax rate	11.9	0.4
Valuation allowance	(12.9)	(11.7)
Equity in earnings of affiliates	(4.6)	(1.5)
Other	(1.4)	1.5
Effective income tax rate	32.2%	29.8%

The "Act for Partial Amendment of the Income Tax Act, etc." (ACT No. 15 of 2016) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 13 of 2016) were enacted on March 29, 2016. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 32.3% to 30.9% and 30.6% for the temporary differences expected to be realized or settled in the year beginning April 1, 2016 and April 1, 2017 and for the temporary differences expected to be realized or settled from April 1, 2018, respectively. The effect of this reduction is immaterial.

Deductible amount due to net tax loss carryforwards is limited to 60% of taxable income in the year beginning on or after April 1, 2016, 55% in the year beginning on or after April 1, 2017 and 50% in the year beginning on or after April 1, 2018. The effect of this reduction is immaterial.

11. APPROPRIATIONS OF RETAINED EARNINGS

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 24, 2016:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends	**¥3,264**	**$28,967**

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, 2015 and 2016 was ¥173 million and ¥354 million ($3,142 thousand), respectively which is included in cost of sales.

Selling, general and administrative expenses

	2015	**2016**	**2016**
	(Millions of yen)		(Thousands of U.S. dollars)
Freight charges	¥11,487	**¥12,279**	**$108,972**
Salaries, allowances and bonuses	16,808	**18,290**	**162,318**

Research and Development

Research and development costs charged to cost of sales and selling, general and administrative expenses for the years ended March 31, 2015 and 2016 was ¥4,495 million and ¥4,794 ($42,545 thousand), respectively.

Gain on sales of fixed assets

	2015	**2016**	**2016**
	(Millions of yen)		(Thousands of U.S. dollars)
Land	¥ 1,397	**—**	**—**

15. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2016 amounted to ¥1,309 million ($11,617 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 ¥6,201 million 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)
Shizuoka City, Shizuoka Prefecture	Operating assets	Machinery and equipment	¥2,870
		Buildings and structures	2,455
		Others	19
Total			¥5,344

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 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.

The domestic consolidated subsidiaries recognized ¥678 million ($6,017 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, 2016 were as follows:

2016

Location	Major use	Asset category	(Millions of yen)	(Thousands of U.S. dollars)
Guangdong, China	Operating assets	Buildings and structures	¥228	$2,023
		Machinery and equipment	195	1,731
		Tools, furniture and fixtures	37	328
		Others	47	417
Total			¥507	$4,499

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 ¥507 million ($4,499 thousand) after noting a sign of impairment and evaluating a necessity of the impairment loss.

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. Amounts Per Share

Net income and net assets per share for the years ended and as of March 31, 2015 and 2016 were summarized as follows:

1. Number of shares

	2015	2016
	(Millions of shares)	
Weighted average number of shares	543,835	543,826
Effect of convertible bonds	75,000	75,000
Diluted number of shares	618,835	618,826

2. Net income per share

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Net income	¥9,645	¥15,533	$137,851
	2015	2016	2016
	(yen)		(U.S. dollars)
Net income per share	¥17.74	¥28.56	$0.25
Diluted net income per share	¥15.59	¥25.10	$0.22

3. Net asset per share

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
Total net assets	¥137,385	¥144,419	$1,281,673
Non-controlling interests	(15,963)	(14,235)	(126,331)
Net assets attributable to shares of common stock	¥121,422	¥130,184	$1,155,342
	2015	2016	2016
	(yen)		(U.S. dollars)
Net assets per share	¥ 223.27	¥ 239.39	$ 2.12

18. 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, 2015 and 2016 was as follows:

	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

(Note 1).Adjustments amounts are as follows.

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

2)Adjustments of ¥(19,221) million in segment assets include ¥(38,099) million in the elimination of transactions between segments and ¥18,878 million in corporate assets.

3)Adjustments of ¥174 million in depreciation and amortization expenses have primarily to do with corporate assets.

4)Adjustments of ¥173 million for capital expenditures are the increase in corporate assets.

	2016					
	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	¥109,844	¥103,340	¥149,220	¥102,001	¥ —	¥464,405
Intersegment	42,426	23,936	12,242	470	(79,074)	—
Total	152,270	127,276	161,462	102,471	(79,074)	464,405
Operating profit	¥ 9,138	¥ 3,058	¥ 10,958	¥ 6,829	¥ (3,162)	¥ 26,821
Segment assets	¥107,598	¥112,211	¥146,603	¥100,732	¥ (14,950)	¥452,194
Depreciation and amortization	¥ 3,630	¥ 4,882	¥ 3,533	¥ 4,115	¥ 196	¥ 16,356
Amortization of goodwill	¥ —	¥ —	¥ 384	¥ 564	¥ —	¥ 948
Loss on impairment of fixed assets	¥ —	¥ —	¥ —	¥ 678	¥ —	¥ 678
Investment in equity-method affiliates	¥ 3,804	¥ 8,245	¥ 5,413	¥ 3,076	¥ —	¥ 20,538
Capital expenditures	¥ 2,865	¥ 6,042	¥ 5,391	¥ 4,445	¥ 118	¥ 18,861

	2016					
	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	$ 974,831	$ 917,110	$1,324,281	$ 905,228	$ —	$4,121,450
Intersegment	376,518	212,425	108,644	4,170	(701,757)	—
Total	1,351,349	1,129,535	1,432,925	909,398	(701,757)	4,121,450
Operating profit	$ 81,097	$ 27,139	$97,249	$ 60,605	$ (28,062)	$ 238,028
Segment assets	$ 954,899	$ 995,838	$1,301,056	$ 893,965	$ (132,677)	$4,013,081
Depreciation and amortization	$ 32,215	$ 43,326	$ 31,354	$ 36,520	$ 1,739	$ 145,154
Amortization of goodwill	$ —	$ —	$ 3,408	$ 5,005	$ —	$ 8,413
Loss on impairment of fixed assets	$ —	$ —	$ —	$ 6,017	$ —	$ 6,017
Investment in equity-method affiliates	$ 33,759	$ 73,172	$ 48,039	$ 27,298	$ —	$ 182,268
Capital expenditures	$ 25,426	$ 53,621	$ 47,843	$ 39,449	$ 1,047	$ 167,386

(Note 1).Adjustments amounts are as follows.

1)Adjustments of ¥(3,162) million ($(28,062) thousands) in segment profit are general corporate expenses.

2)Adjustments of ¥(14,950) million ($(132,677) thousands) in segment assets include ¥(36,596) million ($(324,778) thousands) in the elimination of transactions between segments and ¥21,646 million ($192,101 thousands) in corporate assets.

3)Adjustments of ¥196 million ($1,739 thousands) in depreciation and amortization expenses have primarily to do with corporate assets.

4)Adjustments of ¥118 million ($1,047 thousands) for capital expenditures are the increase in corporate assets.

Geographical sales for the years ended March 31, 2015 and 2016 were summarized as follows:

2015			2016			2016		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥349,752	¥81,725	¥431,477	¥368,004	¥96,401	¥464,405	$3,265,921	$855,529	$4,121,450

Geographical property, plant and equipment for the year ended March 31, 2015 and 2016 were summarized as follows:

2015			2016			2016		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥129,381	¥23,854	¥153,235	¥130,143	¥22,040	¥152,183	$1,154,979	$195,598	$1,350,577

EY
Building a better working world

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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, 2016, 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, 2016, 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, 2016
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: 33-1-34-931020
Aluminum powder and paste
(100%)

East Asia

Nikkei MC Aluminium (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: 86-21-6236-9659
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%)

Sam-A Aluminium Co., Ltd.
Seoul, Korea
Phone: 82-2-3458-0600
Aluminum foil, paste
(33%)

Southeast Asia

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

Nikkei Siam Aluminium Limited
Thailand
Phone: 66-2909-7300
Aluminum sheet, foil
(100%)

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

(As of July 31, 2016)

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 Co., 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]

Haruo Ito*[1]

*[1] Outside Director

Audit & Supervisory Board Member

Nobuo Matsumoto

Takayuki Tsuchida

Koji Fukui

Yuzuru Fujita*[2]

Toshihito Hayano*[2]

Koji Yasui*[2]

*[2] Outside Member

Officers

Takashi Hara

Masamichi Ueda

Hirokazu Takatoku

Minoru Sotoike

Hideki Amimura

Kotaro Yasuda

Kazuto Sanada

(As of June 24, 2016)

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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

52,307

Stock Exchange Listings

Tokyo

Transfer Agent of Common Stock

Sumitomo Mitsui Trust Bank, Ltd.

Last Shareholders' Meeting

June 24, 2016

Major Shareholders

(Ratio of Stock Holding)

Japan Trustee Services Bank, Ltd.
(trust accounts)(9.0%)

The Master Trust Bank of Japan, Ltd.
(trust accounts)(7.3%)

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%)

Japan Trustee Services Bank,Ltd
(trust accounts 9)(2.3%)

Mizuho Bank, Ltd.
(2.1%)

Trust & Custody Services Bank,Ltd
(securities investment trust account)(1.9%)

CBNY DFA International Small Cap Value Portfolio
(1.7%)

(As of March 31, 2016)

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.

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