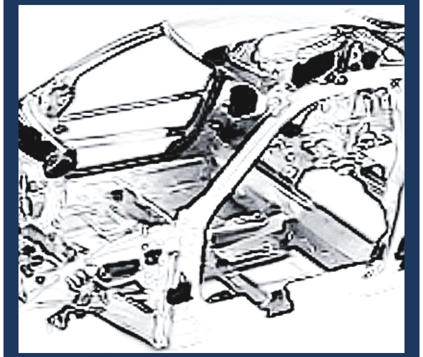
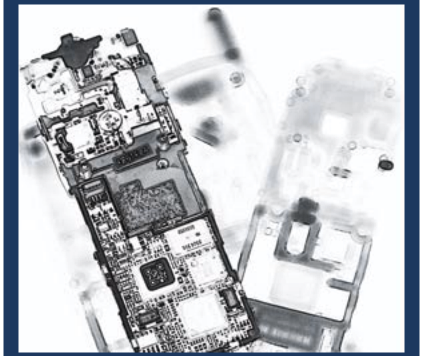
Integration of Intelligence

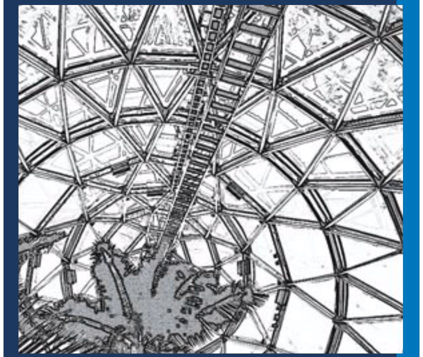
Using Strength to Breed New Strengths

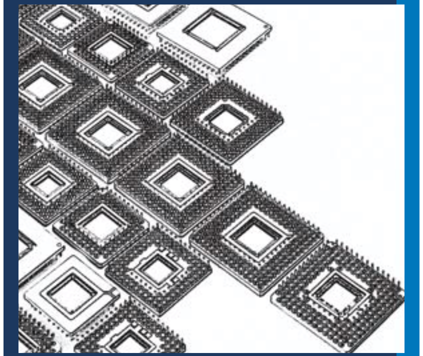
ANNUAL REPORT 2001

Year Ended March 31, 2001









NIPPON LIGHT METAL COMPANY, LTD.

Profile

Nippon Light Metal Company, Ltd. (NLM) has been the industry leader for 62 years. Japan's only fully integrated aluminum manufacturer, NLM's operations are comprehensive: conversion of bauxite into alumina; generation of electric power for aluminum plants; smelting of aluminum from alumina; manufacturing, distribution and marketing of semifinished and finished aluminum and nonaluminum-based products, and production and sales of industrial chemicals.

In fiscal 2000, ended March 31, 2001, NLM focused on bolstering growth and profitability by implementing structural reforms to flatten the organization and streamlining operations to enhance efficiency. In addition, the Company integrated production activities to eliminate businesses generating low profits or losses, and collaborated on development projects to meet evolving market demand.

Contents

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.

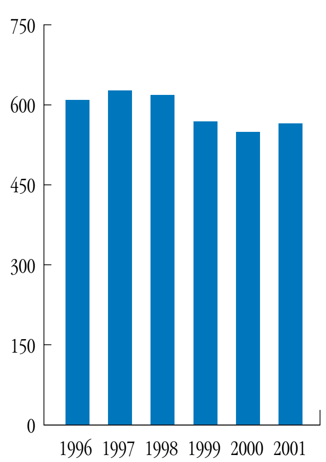
Consolidated Six-Year Summary

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

	Millions of yen						Thousands of U.S. dollars
	1996	1997	1998	1999	2000	**2001**	**2001**
For the year:							
Net sales	¥608,804	¥626,787	¥617,595	¥569,036	¥549,194	**¥565,223**	**$4,561,929**
Operating profit (loss)	13,430	16,727	(574)	(4,153)	2,150	**12,205**	**98,507**
Net income (loss)	130	(1,516)	(11,846)	(19,248)	(14,096)	**(21,905)**	**(176,796)**
At year-end:							
Total assets	682,000	668,954	716,753	640,989	605,346	**600,373**	**4,845,626**
Shareholders' equity	146,756	144,405	131,836	93,481	100,509	**81,478**	**657,611**
Short-term borrowings and long-term debt, including commercial paper (Note 4)	274,628	279,596	333,052	340,445	310,891	**298,256**	**2,407,231**
Per share data (yen and dollars):							
Net income (loss)	¥ 0.24	¥ (2.82)	¥ (22.07)	¥ (40.98)	¥ (31.01)	**¥ (41.22)**	**$ (0.33)**
Cash dividends	2.00	2.00	2.00	2.00	2.00	**—**	**—**
Shareholders' equity	273.38	269.00	245.59	232.18	198.45	**149.96**	**1.21**
Stock information (TSE) (yen and dollars):							
Stock price:							
High	¥ 680	¥ 690	¥ 480	¥ 199	¥ 199	**¥ 116**	**$ 0.94**
Low	370	367	133	112	66	**69**	**0.56**

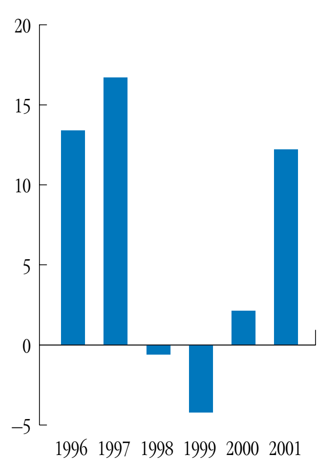
Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥123.90=U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Net Sales (Billions of yen)



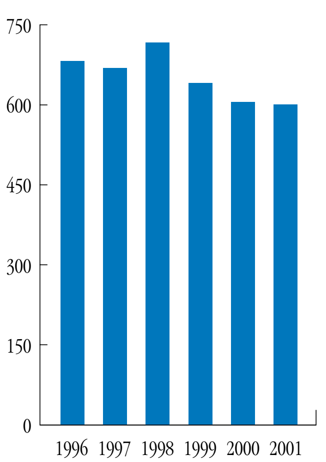
Years ended March 31

Operating Profit (Loss) (Billions of yen)



Years ended March 31

Total Assets (Billions of yen)



As of March 31

To Our Shareholders

Shigesato Sato
President and CEO

Changes in the Board of Directors of Nippon Light Metal Company, Ltd. (NLM), resulted in the selection of Shigesato Sato as NLM's new President and CEO, effective April 1, 2001.

Operating Results

Solid Demand in the Industry

In fiscal 2000, ended March 31, 2001, despite a fall-off in exports owing to economic slowdowns in the United States and Asia, shipments of aluminum products to the transportation industry increased in line with the increasing use of aluminum in automobiles. This and other factors in the trend toward economic recovery helped the industry remain strong. On the other hand, harsh market conditions continued, especially in the building and construction materials field, where increasing competition is adversely affecting profitability.

Reformation to Bolster Revenues

We have continued efforts to improve profitability by intensively implementing the strategies set out in the NLM Group Organizational Reform program, which was introduced in December 1999. The first major item of the plan is to rationalize the poorly performing businesses throughout the NLM Group. Following our complete withdrawal from the market for aluminum substrates for computer memory disks in fiscal 1999, in fiscal 2000 we focused on downsizing our extrusion business by reducing plants and equipment. We disposed of extrusion equipment at our Osaka plant, as well as at Nikkei Extrusions, Co., Ltd., our wholly owned subsidiary in Yamagata Prefecture.

On August 1, 2000, we acquired 100% of the stock of Shin Nikkei Company, Ltd. (SNC), the core NLM Group company for construction materials, through a stock exchange offer, so that we could lay the foundations to manage our construction materials business under closely integrated policies. Under this integrated organization, we are implementing, with help from other NLM business units, various measures and strategies to achieve efficiency, rationalization and other improvements in SNC.

The second major item of the reformation plan is to make our strong core businesses even stronger and to create growth. We are actively investing in facilities and equipment for our strong businesses, including aluminum capacitor foil, aluminum powders and pastes, and chemicals. At the same time, in markets such as automobiles and railcars we are marketing a series of products by combining both our marketing and technological strengths.Our focus in this field is to penetrate the market through differentiation.

The third major item of the plan is to improve the functional performance of NLM's management, and to create a system under which management decisions can be more quickly implemented. At its meeting in June 2000, the Board of Directors voted to reduce its membership from 31 to 10. This is to facilitate its decision-making and control over management. At the same time, we introduced a system of corporate officers in which their authority and responsibility for carrying out the Board's decisions is clarified and agile management will be realized.

Dividend Payments

Revenues recovered well, but in view of the significant special losses, we had no choice but to stop paying dividends. Consolidated net sales rose 3.0%, to ¥565.2 billion.

Various improvements from our reformation activities helped to boost revenues, and consolidated operating profit amounted to ¥12.2 billion, up from ¥2.2 billion the previous year.

Nonetheless, because we applied the new Japanese accounting standard for financial instruments in fiscal 2000, we suffered a net loss of ¥22.0 billion. This loss was caused primarily by a valuation loss from investments.

Factors such as these forced NLM to forego payment of a dividend to shareholders in fiscal 2000. We would appreciate the understanding of our shareholders on this matter.

Dealing with Management Issues

Creating Strong Products

We will continue to actively promote our business strategies in such promising markets as automobiles, trucks, railcars, electronics and structural materials for housing and buildings, where aluminum will realize its potential as a basic structural material.

Our firm belief is that the growth of the NLM Group can be attained only by providing unique and differentiated products and services that properly correspond to changes in the market and to the important emerging needs of customers.

To promote the above-mentioned strategies, we have implemented a quite significant organizational change. In addition to the conventional line organization, in which each business unit in the NLM Group is supposed to concentrate only on such assigned business as is basically defined by the production process, a cross-divisional business/product development organization has been introduced. Activities under the new organization are called development by *yoko-gushi* (i.e, cross-divisional development) whereby all the related divisions work closely to address certain markets, so that we may be able to offer to customers in such markets the best of what we have.

Yoko-gushi activities have resulted, for example, in the development and supply of the material for the Nozomi 700 series shinkansen (bullet trains), for which we merged extruding and welding technologies. In another development for railway cars, we combined our paint know-how with our knowledge of technologies for alloys, rolling and processing to create material for a new type of window frame for commuter trains. We have successfully replaced plastic with our material.

In the automobile-related market, which is becoming an increasingly important focus for product development, *yoko-gushi* development has proven to be effective. Our expertise in aluminum alloy, casting and extrusion all played an important part in developing what is currently the most sophisticated brake caliper system, jointly with Sumitomo Electric Industries, Ltd.

Another success from *yoko-gushi* is the cylinder liner for Yamaha motorcycles, which we have developed in collaboration with Yamaha Motor Co., Ltd. We provided the accumulated technical know-how of our Group, that is, NLM's alloy and extrusion technologies and the powder and paste technologies of Toyo Aluminium, Co., Ltd., a wholly owned NLM subsidiary. The liner's key feature is its use of the extrusion, which is made of atomized aluminum alloy powder. The high performance requirements of the liner have been attained with this extrusion.

For the purpose of keeping *yoko-gushi* activities going, and delivering unique products, we have made an organizational change. On April 1, 2001, a horizontal organization was introduced in our Technology and Development Group so that the entire organization would be exposed to market needs and changes, and would be able to respond to them more promptly. We also formed the Strategic Office for the Creation of New Products and Business to lead all the development activities being conducted throughout our Group. A detailed description of the office's role will be provided later.

Focusing on Cash-Flow Management

We will continue to emphasize cash-flow management. The planned profit from our products and businesses can be secured only through proper management and control of cash flow that will accrue from these plans. Without this, the planned profit cannot be realized, no matter how strong new products are.

These plans must also be feasible. A hands-on approach is required when plans are worked out. Our management and leaders are required to be in constant touch with the market in which they are conducting business, so as to be responsible for the growth of their assigned business and for securing the planned profit. I would like to lead our management team in this manner.

In order to increase future net cash flow through growth, thus promoting our shareholders' interests in the Company, proper implementation and management of growth policy is crucial. This is the reason why the Strategic Office for the Creation of New Products and Business was positioned directly under the Executive Committee.

Upgrading Corporate Culture—Innovation and Challenge

In order for the NLM Group to continue growing through the supply of a series of "strong products", we should be much more market-oriented and much more deeply in touch with our markets. Among other things, we should comprehensively change our corporate culture. It is hoped that the new culture will transform our corporate climate into one in which creative innovations and challenges are consistently fostered throughout every corner of the organization.

For this purpose, we have flattened our organization to promote mobilization and will operate our human resource management system more extensively and effectively so that people with innovative and challenging mentality may be motivated and rewarded in accordance with their achievement.

I would like to improve our financial performance substantially by implementing such measures to fully realize our growth and profitability potential, while paying due attention to various risks surrounding us. I believe this will result in the restart of dividend payments, which is an issue of immediate urgency, and in meeting the overall expectations that our shareholders extend to us now and hereafter.

June 29, 2001

Shigesato Sato

Shigesato Sato
President and CEO

Q. *What do you mean by "integration of intelligence?"*

Shigesato Sato,
President and CEO

A. Integration of intelligence is the catch phrase that I am using in initiating and promoting a campaign that will lead to the generation of "strong products" and to the renovation of our corporate culture.

For reasons referred to later, the NLM Group has failed in making full use of intelligence, in other words, strengths in the form of human resources, technologies, customer base and others that the Group has long been accumulating, for the purpose of improving its profitability. The NLM Group has not been living up to its potential.

In the campaign led by the "integration of intelligence", we try to utilize our potential to the maximization of the entire Group's benefit, instead of aiming at just simple aggregation of benefits from individual divisions. By doing this, we can improve efficiency in offering new products to the market and customers.

Q. *How can such potential be materialized?*

A. A detailed analysis of why our financial performance is not satisfactory tells us that our interface with our markets had been limited and narrow. This comes from the disadvantage of the line organization. Under this organization, each division is supposed to address markets where they may be able to find customers for their own products. They tend to fail in bringing back customers' needs that other divisions may properly address, thus ending up with a loss of business opportunities at the corporate level.

In view of fully utilizing our intelligence, we have introduced a matrix organization in which several sales and development groups have been formed for important market segments, in addition to the conventional line organization that is basically defined by the production process.

This has enabled us to correspond to customers and markets more flexibly and comprehensively and to use our intelligence effectively and consistently.

Q. *Could you elaborate on the new organization?*

A. On April 1, 2001, we eliminated the headquarters that used to cover several divisions and departments so that each business unit directly reports to the CEO, and introduced a flat organization to our Technology and Development Group to promote mobilization of its staff in customer contact.

On the same occasion, the Strategic Office for the Creation of New Products and Business (SOCNPB) was formed to oversee and coordinate overall development activities in the Group organization. Approximately 100 staff members belong to this office, with a majority of them concurrently working for the line organization.

Q. *Please explain the role of the SOCNPB in greater detail.*

A. The missions of this office are to identify, under its own role, new products and businesses that have the potential to secure premiums, as well as to lead and harmonize, in its coordinating capacity, various development activities running throughout the entire NLM Group.

In the development of products, it is important to acquire intelligence as to future requirements for our materials and products, as well as to know existing market needs. The former role is assigned to the office.

Q. *Please outline the main points that will be promoted in* yoko-gushi *and SOCNPB activities.*

A. Basically, our focus is on the following three areas:

1. Make full use of the management resources we have

In our *yoko-gushi* activities, we will make full use of the management resources owned by our line operations to meet the needs of the marketplace. Such efforts will expand business opportunities for the entire NLM Group.

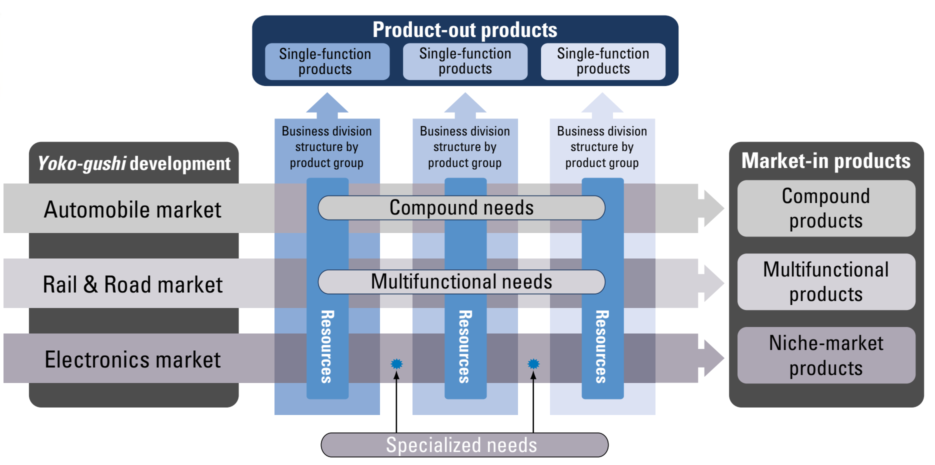
2. Enhance awareness of NLM as "the aluminum company"

We will organize our *yoko-gushi* and SOCNPB activities in such a way that our corporate image as a company with excellence in aluminum materials and products will be reinforced.

3. Respond quickly to market needs and changes

Building up customers' confidence through quick response and smooth dialogue is vital and prerequisite in providing them with appropriate solutions. To do this our R&D staff will be more heavily involved in the dialogue with our customers.

NLM's powder metallurgy aluminum alloy extrusion material for motorcycle cylinders resulted from a collaboration with Yamaha Motor Co., Ltd.



Q. ***How will "strong products" contribute to the NLM Group's profit?***

A. Since taking office as President and CEO, I have repeatedly reminded our people to think and manage their activities in terms of cash flow. The cash we have spent in development, testing, production, equipment and other activities will not be recouped until the products are well accepted by the market and the planned margins are secured.

The tendency is that the review and observation of how the cash is being recouped from an investment is not properly done, while much attention is paid at the planning stage.

Another point is that only strong products can bring in enough return to cover the expenditure for their creation, as well as to provide funding for the payment of dividends and for new investments. In other words, any products that we place on the market should be strong and unique enough to secure a premium. The premiums that strong products earn enable us to be profitable and to keep growing.

Q. ***Please tell us about the cultural innovation you are conducting in R&D?***

A. In order to implement the above-mentioned integration of intelligence, it is desirable that our R&D staff be placed much closer to the markets. The resources that they have will be better and more efficiently utilized when they are directly exposed to customers and their needs. Further, through their contacts with the market and their involvement in marketing activities, they will be more conscious about cost performance. Regrettably, they have not been so conscious about how their study and development is related to the required cash flow. I am urging them to relate their activities to our real businesses and cash flow.

In line with these policies, our Research and Development Center will work more closely with the line operations and has selected five motivated staff members, each of whom is supposed to lead the assigned team in exploring markets.

To use a soccer analogy, our R&D staff is now expected to move forward to the front line from the defense position, to manage the ball in the front and to make goals when the chance arises.

Q. ***You have said that NLM subsidiary Shin Nikkei has been detracting from Group value. What, then, were the reasons for putting Kazuyuki Hasegawa at the helm of the company?***

Kazuyuki Hasegawa,
President of Shin Nikkei Company, Ltd.

A. We chose Hasegawa because of his strong track record in aluminum panel operations. Before he took charge of our panel business, more than 20 companies were operating in the field, and the market was fiercely competitive. Today, only three remain, and we are well ahead of the pack. This is thanks to Hasegawa's very pragmatic approach to management. He is the best fit for our idea of the kind of leader needed by Shin Nikkei.

Q. ***At the end of March, NLM reported ¥304.6 billion in interest-bearing debt. This is somewhat excessive given the Company's current profitability level. How will this amount be reduced?***

A. We have tried to reduce our outstanding interest-bearing debt by focusing on cash-flow management, and carefully controlling plant and equipment investment. Interest-bearing debt peaked at ¥315.0 billion at the end of March 1999, but we have now cut that by ¥10.4 billion. Our goal after fiscal 2001 is to begin to ensure appropriate funding for our business activities while reducing interest-bearing debt by increasing cash flows from operating activities, and thereby to improve our balance sheets.

Q. ***What kind of thought is behind your statement that dialogues with shareholders should be enhanced? And how do you manage corporate governance?***

A. The most important mandate for NLM management, I believe, is to meet our shareholders' expectations. To be more specific, we have to financially perform at least better than the average companies on the market. In the course of pursuing this target, we must explain to our shareholders and investors what we are doing and what we intend to do, and we would like to get feedback from them.

The owners of a company are its shareholders. The management must live up to their expectations. One of the most important ways to meet this requirement is to properly manage corporate governance and to establish necessary systems in the company.

In June 2000, the number of directors was reduced to 10 from 31 to help strengthen the Board's control function and to increase speed in decision-making, while the system of corporate officers was introduced to clearly divide the functions and roles between the Board and officers.

Q. ***Would you outline the direction in which NLM is heading?***

A. We are seeking out necessary changes and creating a corporate culture that appreciates innovations and challenges. The NLM Group will focus on the following:

A) Contribute to the preservation of natural resources and energy by supplying aluminum products that are superior in terms of recyclability. This will meet the requirements of our resource-circulating society for manufacturing, that is, friendly to the earth's environment.

B) Keep supplying aluminum-plus-one products, namely aluminum products with unique properties or functions added, to such areas that require advanced technology and materials, like information and communication, energy and nanotechnology.

C) Expand the scope of our materials to cover not only aluminum but also other materials, such as alumina and carbon, and expand our business intensively into added-value fabrication, whereby we contribute to the promotion of society's welfare and the growth of industries as a whole.

Aluminum Ingot and Chemicals

High-purity aluminum ingots

Consolidated sales in the chemicals category rose to ¥28.4 billion in fiscal 2000, a 2.7% increase over the previous fiscal year. Robust domestic demand for alumina and aluminum hydroxide brought general shipment recovery, driven by demand in such product areas as iron and steel, pulp and paper and electronics materials. Low-soda alumina used in electro-ceramics performed particularly strongly. Shipments were strong for caustic soda and fluorine chemicals and functional materials used in organic chlorides. Production of alumina and aluminum hydroxide rose 4.8%, to 365,774 tons.

Sales in the aluminum ingot category totaled ¥62.8 billion, a 6.4% increase. Although shipments to Southeast Asia decreased, demand from automobile manufacturers, the core users of these products, and other sectors increased, and the price of aluminum ingots came in at a high level for the year. Production volume fell 1.9%, to 93,959 tons.

As a result, consolidated sales of the division climbed ¥4.5 billion (5.2%), to ¥91.2 billion, and operating profits were up ¥995 million (13.2%), to ¥8.5 billion.

High-quality Alumina

Aluminum Sheet and Extrusion

Aluminum extrusions are used for the exteriors of Nozomi 700 series shinkansen cars

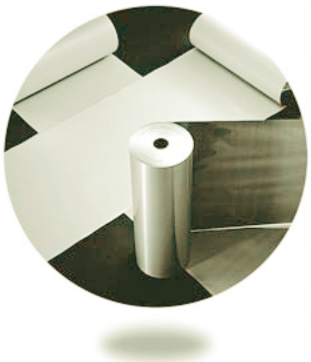
Consolidated sales in the aluminum sheet category grew 51.8% in fiscal 2000, surging to ¥44.1 billion. Despite lackluster exports and lower supply sales volumes, shipments increased dramatically owing to factors such as strong demand for foil used in condensers. In addition, sales of aluminum printing sheets rose, mainly owing to demand from related industries and efforts to raise our market share, including marketing activities closely matched to customer needs and high evaluations of our technologies.

We achieved growth in shipments of other products and materials because of a strong capital investment environment in the semiconductor industry. Furthermore, Alcan Nikkei China Limited became a consolidated subsidiary from the period under review, which also sustained the rise in sales of aluminum sheet products. On a unit basis, production volumes rose 3.6%, to 101,764 tons.

In the aluminum extrusion category, sales dropped 7.6% to ¥24.9 billion. Despite a drop in demand from the construction industry, sales in such areas as pipe stock and railway products remained high, following on the previous fiscal period. We also promoted endeavors to improve the profitability of this division, including production integration activities initiated in line with the revamping of our management structure, which led to the elimination of excess equipment and fixed assets. Favorable results were garnered through our *yoko-gushi* activities, as motorcycle engine components made with our newly released powder metallurgy aluminum alloy extrusions sold well. Production volume slipped 4.4%, to 58,242 tons.

Divisional sales increased by ¥13.0 billion (23.2%), rising to ¥69.0 billion. Operating profit climbed to ¥1.4 billion, a ¥734 million improvement from last year.

Fabricated Products and Others



Anodized aluminum foil for electrolytic capacitors

In the aluminum foil and aluminum powders and pastes category, sales climbed 4.1%, to ¥75.1 billion. Shipments of high-purity aluminum foil for use in condensers were favorable.

Sales of aluminum powders and pastes, which have applications including metallic paints for automobiles and home appliances, benefited from the popularity of products with metallic coloring during the year. We enhanced our production capacity to meet new demand, which contributed to increased sales for the year.

In transportation-related business, sales rose 12.7%, to ¥48.0 billion. The chief factors in this increase were the beneficial effects of organizational improvement activities in our truck body business and expanded demand following the easing of government regulations. Sales of shaped parts increased during the year, owing to success in generating new orders for automotive products in the second half. Another factor relating to shaped parts was the increase in sales of brake calipers subsequent to model changes by automobile manufacturers. Sales also increased owing to new orders for condensers for car air conditioners.

Sales of electronic materials totaled ¥20.6 billion, a decrease of 10.3% from the previous year. The principle cause of this decline was our withdrawal last year from the business of aluminum substrates for computer memory disks.

Strong market conditions for information and communications products led to continued high demand for condensers and anodized aluminum foil for electrolytic capacitors. We were able to capitalize on market trends and to increase sales by boosting plant capacity.

Our other related fabricated materials category saw sales slide 2.5%, to ¥82.1 billion. On August 1, 2000, we transferred the operations of our landscape engineering division to Sumikei Nikkei Engineering Co., Ltd., our 50-50 joint venture with Sumikei Light Metal Industries, Ltd., which is accounted for under the equity method. Because our landscape engineering sales are now handled by Sumikei Nikkei Engineering, NLM's related sales fell considerably for the fiscal year as a whole.

Sales of refrigerator and freezer panels increased, owing chiefly to demand for medium and small-scale items for supermarkets and convenience stores. Active plant and equipment investments for clean rooms, both by cellular telephone makers and the semiconductor industry, generated considerable increases in sales.

In this situation, the division as a whole posted sales of ¥225.8 billion, and operating profit of ¥10.8 billion. Sales rose ¥3.9 billion (1.8%), and operating income climbed ¥11.0 billion to erase last year's loss.

Building Materials

Aluminum structural materials are used in the NTT DoCoMo Nagano Building

Sales of construction materials for buildings and stores dropped 1.3%, to ¥95.6 billion, as the market environment remained bleak. The operating environment was severe, owing to factors such as a contraction in the total floor space of new construction projects using nonwood materials. In this atmosphere, we focused on introducing new products and gaining new customers. However, intense price competition had a major impact on our operations.

In addition to a drop in new housing projects from the previous year, prices decreased owing to fierce competition for construction orders. As a result, sales of housing construction materials slipped 1.3%, to ¥95.6 billion.

Under these circumstances, sales of the building materials division fell ¥5.4 billion (2.9%), to ¥179.3 billion, and the division posted an operating loss of ¥5.3 billion, an increase of ¥3.5 over the previous year's loss. On a consolidated basis (including Shin Nikkei), the value of production amounted to ¥68.6 billion.

Financial Review

Overview

In fiscal 2000, ended March 31, 2001, despite a fall-off in exports owing to economic slowdowns in the United States and Asia, shipments of aluminum products to the transportation industry increased in line with the increasing use of aluminum in automobiles. This and other factors in a trend toward economic recovery helped the industry remain strong. On the other hand, harsh market conditions continued, especially relating to construction-related materials, increasing competition and adversely affecting profitability.

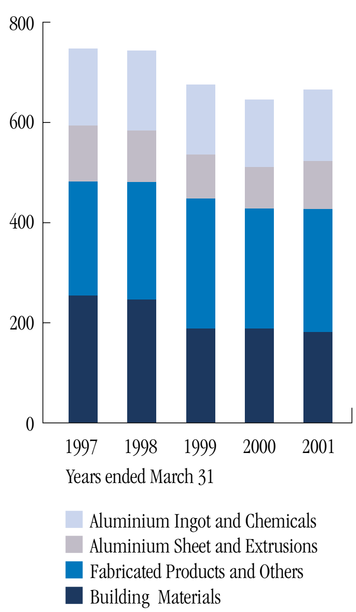
Earnings and Expenses

Under these economic conditions, Nippon Light Metal Company, Ltd., achieved consolidated net sales of ¥565.2 billion ($4,562 million), up 2.9% from the previous fiscal year. The cost of sales also increased 2.9%, rising to ¥461.4 billion ($3,724 million). The cost of sales ratio remained at 81.6%, the same ratio as in the previous fiscal year. By curtailing labor and other costs, selling, general and administrative expenses declined 7.3%, to ¥91.6 billion ($739 million).

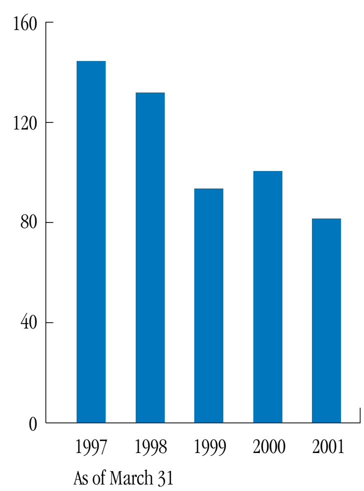
NLM posted operating profit of ¥12.2 billion ($99 million), continuing its upward movement and more than quadrupling the previous fiscal year's amount. NLM incurred higher non-operating expenses, owing to the adoption of the new Japanese accounting standard for retirement benefits. However, because of the amortization of negative goodwill in non-operating profit, in addition to the increase in operating profit, NLM achieved ordinary profit of ¥2.9 billion ($23 million), and moved into the black for the first time in four years.

In terms of special gains, NLM posted a ¥0.6 billion decrease in its gain on sales of fixed assets compared to the previous fiscal year, and recorded a ¥0.5 billion ($4 million) gain on sales of investment securities. Special losses more than doubled, rising to ¥25.0 billion ($202 million). Although the loss on disposal of fixed assets fell

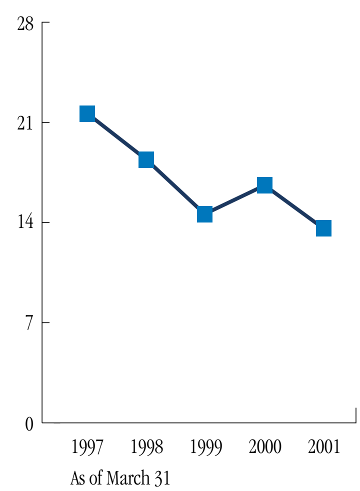
Net Sales By Segment (Billions of yen)



Total Shareholders' Equity (Billions of yen)



Equity Ratio (%)



¥5.7 billion compared with the previous fiscal year, NLM suffered equity in the loss of an affiliated company and a loss on devaluation of investment securities, as well as an exchange loss on investment securities. In addition, NLM paid out early retirement benefits. NLM is now implementing a restructuring plan to withdraw from unprofitable business areas, reduce resource use and cut fixed costs, principally those related to employees.

Consequently, NLM posted a net loss of ¥21.9 billion ($177 million), ¥7.8 billion greater than the net loss in the preceding term. Net loss per share of common stock was ¥41.22 ($0.33). Under these circumstances, NLM was unable to pay dividends for the fiscal 2000 term.

Assets, Liabilities and Shareholders' Equity

Total assets declined a slight 0.8%, to ¥600 billion ($4,846 million). Increases in inventory and in accounts receivable boosted current assets, but these were offset by a reduction in fixed assets, led by decreases in property, plant and equipment.

Total liabilities rose 5.9%, climbing ¥28.9 billion, to ¥514.7 billion ($4,154 million). NLM required a negative goodwill of ¥9.2 billion, owing to the acquisition of whole ownership of Shin Nikkei Company, Ltd., and to a holiday falling on the last day of the fiscal year. NLM aims to reduce interest-bearing liabilities while maintaining adequate liquidity to restore a healthy balance to our financial statements. Interest-bearing liabilities peaked at ¥339.5 billion at the end of March 1999, but over the next two years NLM reduced this by ¥34.9 billion.

Shareholders' equity dropped 19.0%, to ¥81.5 billion ($658 million), owing primarily to the ¥22.1 billion reduction in retained earnings. The shareholders' equity ratio decreased 3.0 percentage points, to 13.6%. Shares outstanding at the end of the term (excluding treasury stock and shares held by subsidiaries in the parent) numbered 543,350,370, up from 506,457,651 at the end of fiscal 1999. As a result, shareholders' equity per share of common stock amounted to ¥149.96 ($1.21), down ¥48.49 from the preceding fiscal year-end.

Cash Flows

Cash and cash equivalents at the end of the fiscal year fell to ¥41.7 billion ($336 million), down ¥0.2 billion from the end of the preceding term. This figure includes ¥0.6 billion ($2.1 million) from the cash and cash equivalents of newly consolidated subsidiaries.

Net cash provided by operating activities totaled ¥22.7 billion ($183 million), up ¥22.2 billion from fiscal 1999. This result generated net cash, despite a loss before income taxes and others of ¥20.0 billion ($162 million), up from ¥18.6 billion in fiscal 1999. The main reasons for this were non-cash-out losses, such as depreciation, equity in loss of affiliated companies and loss on disposal of fixed assets, as well as the fact that the amount of cash-generated items, including an increase in notes and accounts receivable, and accounts payable, trade, was larger than the amount of cash-using items, such as the decrease in inventories.

Net cash used for investing activities amounted to ¥9.3 billion ($75 million), an increase of ¥1.7 billion from fiscal 1999. Funds used for the purchase of fixed assets totaled ¥14.2 billion ($114 million), up ¥1.4 billion from the previous fiscal year. Proceeds from sales of fixed assets fell to ¥3.3 billion ($27 million) from ¥5.4 billion in the previous fiscal year.

Net cash used for financing activities for fiscal 2000 fell ¥27.6 billion from the previous fiscal year, to ¥14.3 billion ($115 million). This reduction is principally owing to the decrease in repayment of long-term debt and short-term borrowings.

Consolidated Balance Sheets

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
As of March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	2000	2001	2001
Current assets:			
Cash and deposits (Notes 4 and 7)	¥ 41,215	¥ 40,497	$ 326,852
Marketable securities (Notes 4 and 6)	7,547	—	—
Notes and accounts receivable - trade (Notes 7 and 13)	188,992	196,792	1,588,313
Inventories (Note 5)	69,952	78,133	630,614
Deferred icnome taxes (Note 9)	5,171	3,932	31,735
Other current assets (Note 4)	10,254	15,486	124,988
Allowance for doubtful accounts	(2,539)	(3,462)	(27,942)
Total current assets	320,592	331,378	2,674,560
Fixed assets:			
Property, plant and equipment (Notes 7 and 11):			
Buildings and structures	137,605	135,090	1,090,315
Machinery and equipment	301,802	297,498	2,401,114
Land	62,618	64,198	518,143
Construction in progress	2,924	3,888	31,380
Accumulated depreciation	(296,188)	(299,010)	(2,413,317)
	208,761	201,664	1,627,635
Intangible fixed assets	4,255	3,436	27,732
Investments and other assets:			
Investment securities (Notes 6 and 7)	44,700	40,175	324,254
Long-term loans receivable	3,177	2,974	24,003
Deferred income taxes (Note 9)	8,232	10,126	81,727
Other assets	15,839	17,471	141,009
Allowance for doubtful accounts	(7,127)	(6,851)	(55,294)
	64,821	63,895	515,699
	277,837	268,995	2,171,066
Foreign currency translation adjustments	6,917	—	—
	¥605,346	¥600,373	$4,845,626

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2000	Millions of yen 2001	Thousands of U.S. dollars (Note 2) 2001
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 7)	¥131,910	¥152,333	$1,229,483
Notes and accounts payable-trade	113,010	136,401	1,100,896
Other current liabilities	38,000	44,132	356,191
Total current liabilities	282,920	332,866	2,686,570
Long-term liabilities:			
Long-term debt (Note 7)	178,981	145,923	1,177,748
Accrued severance indemnities (Note 8)	17,171	18,654	150,557
Negative goodwill (Note 3)	—	9,166	73,979
Other long-term liabilities	6,751	8,065	65,093
	202,903	181,808	1,467,377
Minority interest in consolidated subsidiaries	19,014	4,221	34,068
Shareholders' equity:			
Common stock, ¥50 par value;			
Authorized: 1,600,000,000 shares			
Issued: 2000—510,825,514 shares	37,458	—	—
2001—543,350,370 shares (Note 3)	—	39,085	315,456
Additional paid-in capital (Note 3)	30,837	32,300	260,694
Revaluation surplus	493	493	3,979
Retained earnings (Note 10)	32,123	10,032	80,969
Foreign currency translation adjustments	—	(432)	(3,487)
Less—common stock in treasury, at cost	(402)	(0)	(0)
	100,509	81,478	657,611
Contingent liabilities (Note 13)			
	¥605,346	¥600,373	$4,845,626

Consolidated Statements of Operations

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2000	2001	2001
Net sales	¥549,194	¥565,223	$4,561,929
Cost of sales	448,255	461,413	3,724,076
Gross profit	100,939	103,810	837,853
Selling, general and administrative expenses	98,789	91,605	739,346
Operating profit	2,150	12,205	98,507
Non-operating income:			
Interest income	146	249	2,010
Amortization of negative goodwill	—	2,594	20,936
Equity in earnings of affiliated companies	—	751	6,061
Foreign currency exchange gain, net	—	1,106	8,927
Other	3,316	3,658	29,524
Total non-operating income	3,462	8,358	67,458
Non-operating expenses:			
Interest expense	7,242	6,519	52,615
Equity in loss of affiliated companies	1,559	—	—
Amortization of transition obligation for employee retirement benefits	—	4,499	36,312
Other	6,310	6,639	53,584
Total non-operating expenses	15,111	17,657	142,511
Ordinary profit (loss)	(9,499)	2,906	23,454
Special gains:			
Gain on sales of fixed assets	2,172	1,531	12,357
Gain on sales of investment securities	—	529	4,269
Gain on sales of common stock owned by a consolidated subsidiary	578	—	—
Total special gains	2,750	2,060	16,626
Special losses:			
Equity in loss of an affiliated company	—	8,682	70,073
Loss on disposal of fixed assets	10,202	4,471	36,085
Exchange loss on investment securities	—	4,415	35,633
Loss on devaluation of investment securities	627	4,222	34,076
Additional retirement allowance for early retirement program	—	2,335	18,846
Suspension expenses	470	872	7,038
Pension premiums for prior service cost, net of reversal of related allowance for severance indemnities	518	—	—
Total special losses	11,817	24,997	201,751
Loss before income taxes and minority interest	18,566	20,031	161,671
Income taxes (Note 9)—current	1,811	3,293	26,578
—deferred	(4,448)	(640)	(5,166)
	(2,637)	2,653	21,412
Minority interest	(1,833)	(779)	(6,287)
Net loss	¥ 14,096	¥ 21,905	$ 176,796

Per share of common stock:	Yen		U.S. dollars (Note 2)
Net loss	¥31.01	¥41.22	$0.33
Cash dividends	¥ 2.00	¥ —	$ —

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2000 and 2001

		Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Revaluation surplus	Retained earnings	Foreign currency translation adjustments	Common stock in treasury	Common stock owned by a consolidated subsidiary
Balance at March 31, 1999	536,823,002	¥ 48,039	¥ 29,382	¥ —	¥ 34,176	¥ —	¥ (0)	¥(18,116)
Cumulative effect of changes in accounting for income taxes					6,068			
Net loss					(14,096)			
Cash dividends					(940)			
Directors' and statutory auditors' bonuses					(9)			
Merger with a consolidated subsidiary	83,192,994	4,159	1,237		7,534		(15,370)	15,370
Redemption of common stock in treasury taken over at merger	(109,190,482)	(14,740)	218				14,522	
Inclusion in consolidation of unconsolidated subsidiaries					37			
Affiliated company newly accounted for by the equity method					(647)			
Equity on revaluation gain for land of an affiliated company				493				
Net decrease in common stock in treasury							446	2,746
Balance at March 31, 2000	510,825,514	37,458	30,837	493	32,123	—	(402)	—
Net loss					**(21,905)**			
Cash dividends					**(1,013)**			
Directors' and statutory auditors' bonuses					**(37)**			
Stock issued under exchange offering (Note 3)	**32,524,856**	**1,627**	**1,463**					
Inclusion in consolidation of unconsolidated subsidiaries					**358**			
Affiliated company newly accounted for by the equity method					**506**			
Foreign currency translation adjustments						**(432)**		
Net decrease in common stock in treasury							**402**	
Balance at March 31, 2001	**543,350,370**	**¥39,085**	**¥32,300**	**¥493**	**¥10,032**	**¥(432)**	**¥ (0)**	

		Thousands of U.S. dollars (Note 2)					
	Number of shares issued	Common stock	Additional paid-in capital	Revaluation surplus	Retained earnings	Foreign currency translation adjustment	Common stock in treasury
Balance at March 31, 2000	510,825,514	$ 302,324	$ 248,886	$ 3,979	$259,266	$ —	$(3,245)
Net loss					**(176,796)**		
Cash dividends					**(8,176)**		
Directors' and statutory auditors' bonuses					**(299)**		
Stock issued under exchange offering (Note 3)	**32,524,856**	**13,132**	**11,808**				
Inclusion in consolidation of unconsolidated subsidiaries					**2,890**		
Affiliated company newly accounted for by the equity method					**4,084**		
Foreign currency translation adjustments						**(3,487)**	
Net decrease in common stock in treasury							**3,245**
Balance at March 31, 2001	**543,350,370**	**$315,456**	**$260,694**	**$3,979**	**$80,969**	**$(3,487)**	**$ (0)**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2000	2001	2001
Cash flows from operating activities:			
Loss before income taxes and minority interest	¥(18,566)	¥(20,031)	$(161,671)
Depreciation and amortization	23,047	19,368	156,320
Amortization of negative goodwill	—	(2,594)	(20,936)
Loss on disposal of fixed assets	10,765	4,471	36,086
Gain on sales of fixed assets, net	(2,367)	(1,531)	(12,357)
Gain on sales of common stock owned by a consolidated subsidiary	(578)	—	—
Gain on sales of investment securities	—	(529)	(4,270)
Exchange loss on investment securities	—	4,415	35,634
Loss on devaluation of investment securities	627	4,222	34,076
Increase in accrued severence indeminities	—	1,438	11,606
Interest and dividend income	(488)	(494)	(3,987)
Interest expense	7,242	6,519	52,615
Equity in loss of affiliated companies	1,559	7,931	64,011
Increase in notes and accounts receivable - trade	(1,360)	(3,396)	(27,409)
(Increase) decrease in inventories	3,207	(5,796)	(46,780)
Increase in notes and accounts payable - trade	3,162	16,304	131,590
Other	3,356	202	1,630
Sub total	29,606	30,499	246,158
Interest and dividend income received	815	986	7,958
Interest paid	(7,178)	(6,555)	(52,906)
Income taxes paid	(1,010)	(2,232)	(18,014)
Net cash provided by operating activities	22,233	22,698	183,196
Cash flows from investing activities:			
Decrease in time deposits	109	198	1,598
Payment for purchase of marketable securities	(1,948)	—	—
Proceeds from sales of marketable securities	1,419	—	—
Payment for purchase of investment securities	—	(640)	(5,166)
Proceeds from sales of investment securities	—	1,542	12,446
Payment for purchase of fixed assets	(12,803)	(14,167)	(114,342)
Proceeds from sales of fixed assets	5,391	3,347	27,014
(Increase) decrease in long-term loans receivable	(305)	181	1,461
Other	508	219	1,767
Net cash used for investing activities	(7,629)	(9,320)	(75,222)
Cash flows from financing activities:			
Decrease in short-term borrowings	(26,949)	(1,113)	(8,983)
Decrease in commercial paper	(5,000)	—	—
Proceed from long-term debt	36,202	13,829	111,614
Repayments of long-term debt	(33,417)	(25,925)	(209,241)
Proceed from sales of common stock in tresury	306	447	3,608
Proceed from sales of common stock owned by a consolidated subsidiary	3,093	—	—
Cash dividends paid by the Company	(804)	(1,012)	(8,168)
Cash dividends paid to minority interest	(701)	(42)	(339)
Other	(290)	(472)	(3,810)
Net cash used for financing activities	(27,560)	(14,288)	(115,319)
Effect of exchange rate changes on cash and cash equivalents	(93)	96	775
Net decrease in cash and cash equivalents	(13,049)	(814)	(6,570)
Cash and cash equivalents at beginning of year	54,736	41,912	338,273
Cash and cash equivalents of newly consolidated subsidiaries	225	585	4,722
Cash and cash equivalents at end of year (Note 4)	¥ 41,912	¥ 41,683	$ 336,425

The accompanying notes are an integral part of these statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presenting financial statements

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

(b) Consolidation and investments in affiliated companies

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

Investments in significant companies where the Company has significant influence over management are stated at cost plus the Company's share of equity which is included in undistributed earnings.

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

Negative goodwill recognized on the integration of a subsidiary company, Shin Nikkei Company, Ltd., is being amortized on a straight -line basis over a 3-year period.

(c) Translation of foreign currencies

Until the year ended March 31, 2000, foreign currency amounts were translated into Japanese yen at appropriate year-end rates for current monetary assets and liabilities and at historical rates for long-term assets and liabilities and non-monetary current assets and liabilities. Resulting exchange gains or losses were credited or charged to income as incurred. Long-term receivables and payables in foreign currency hedged by forward exchange contracts were translated into Japanese yen at the contracted rates of exchange. Gains or losses resulting from forward exchange contracts were deferred and amortized over the contract periods.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for foreign currency translation, which is effective for years beginning on or after April 1, 2000. Under the new standard, 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 sheets date. Resulting gains and losses are included in net profit or loss for the period. The adoption of the new method had no impact on the accompanying consolidated financial statements.

Assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheets date. Shareholders' equity at the beginning of the year is translated into Japanese yen at historical rates. Profit and loss accounts for the year are translated into Japanese yen using the average exchange rate during the year. Previously, until the year ended March 31, 2000, the aggregate amount of "Foreign currency translation adjustments" (cumulative translation adjustments) were presented as a part of assets or liabilities. The new accounting standard requires that cumulative translation adjustments be allocated to "Minority interest in consolidated subsidiaries" and the Company portion be presented as a part of "Shareholders' equity" on the balance sheets. At March 31, 2001, cumulative translation adjustments amounting to ¥25 million ($202 thousand) were allocated to "Minority interest in consolidated subsidiaries" on the balance sheets.

(d) Cash and cash equivalents

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

(e) Inventories

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

(f) Financial Instruments

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for financial instruments, which is effective for years beginning on or after April 1, 2000. As a result of adoption of the new standard, "Loss before income taxes and minority interest" for the year ended March 31, 2001 increased by ¥4,076 million ($32,897 thousand), as compared with the amount which would have been reported if the previous standard had been applied consistently.

i) Derivatives
Under the new standard all derivatives are stated at fair value with changes in fair value included in net profit or loss for the year in which they arise, except for derivatives that are designated as "hedging instruments" (see iii) Hedge accounting).

ii) Securities
Until the year ended March 31, 2000, marketable equity securities were stated principally at the lower of cost or market value, determined by the moving average method. Marketable securities other than marketable equity securities and investment securities were stated at cost, except for those which have been written down as a result of the permanent impairment of their underlying value.

Under the new standard, securities held by the Company and its subsidiaries are classified into three categories:

Held-to-maturity debt securities, that the Company and its subsidiaries intend to hold to maturity, are stated at cost after accounting for any premium or discount on acquisition, which are amortized over the period to maturity.

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

"Other securities" for which market quotations are available are stated at cost. Under the new standard, mark-to-market accounting of such securities is allowed to be implemented in the next fiscal year. With respect to marketable securities included in "Other securities", the carrying value, market value, unrealized gain, net of tax to be recorded, deferred tax liabilities and minority interest would be as follows.

	Millions of yen	Thousands of U.S. dollars
	2001	2001
Carrying amount	¥ 7,816	$63,083
Market value	10,426	84,149
Unrealized gain, net of tax	1,409	11,372
Deferred tax liabilities	1,147	9,257
Minority interest	54	436

"Other securities" for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of value is not deemed temporary, those securities are written down to fair value and the resulting losses are included in the net profit or loss for the period.

Under the new standard, securities due within one year are presented as "current" and all the other securities are presented as "non-current." The securities held by the Company and its subsidiaries have been reclassified as of April 1, 2000 (the beginning of the year). As a result of the reclassification, the securities in the current portfolio have decreased by ¥4,564 million ($36,836 thousand) and the securities in the non-current portfolio have increased by the same amount.

iii) Hedge accounting
Gains or losses arising from changes in the fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period in which the gains and losses on the hedged items or transactions are recognized. Some interest swap contracts with fixed cash flows, are not stated at fair value, but are treated as an adjustment to interest on the designated assets or liabilities.

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

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

(g) Allowance for doubtful accounts
The allowance for doubtful accounts is estimated at the average percentage of actual bad debt in the past, which is then applied to the balance of receivables. In addition, an amount deemed necessary to cover uncollectable 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 by the straight-line method at rates based on the estimated useful lives of the respective assets.

(i) Accrued severance indemnities and pension plan

Until the year ended March 31, 2000, benefits for severance indemnities were reserved for or funded through accruals for employees' severance indemnities or tax-qualified pension plans. In accordance with prevailing accounting practices in Japan, provisions were made mainly at 40% of the liability which would be required if all qualified employees were to leave the companies voluntarily at the balance sheets date, excluding a portion covered by tax-qualified pension plans. Premiums for tax-qualified pension plans were charged to income when paid. As a result of establishment of a tax-qualified pension plan, which fully covers severance indemnities, excess accrued severance indemnities at the transition date, as defined under accounting principles generally accepted in Japan, are being reversed over the period of amortization applicable to prior service costs. Pension premiums relating to the amortization of prior service costs, net of reversal of excess accrued severance indemnities, were presented separately in the accompanying consolidated statements of operations.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for retirement benefits, which is effective for years beginning on or after April 1, 2000. In accordance with the new standard, the reserve for retirement benefits as of March 31, 2001 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets except that, as permitted under the new standard, the unrecognized transition amount arising from adopting the new standard and unrecognized actuarial differences. The unrecognized transition amount of ¥29,566 million ($238,628 thousand) at April 1, 2000 is being amortized on a straight-line basis over 12 years, except for the unrecognized transition amount in respect of employees who retired in this fiscal year of ¥2,098 million ($16,933 thousand) which was amortized at the time of their retirement. The unrecognized actuarial differences are being amortized on a declining-balance basis over a period of 12 years from the year following that in which they arise. As a result of adopting the new standard, the net pension expense for the year ended March 31, 2001 increased by ¥4,520 million ($36,481 thousand) and "Net loss before income taxes and minority interest" increased by ¥4,432 million ($35,771 thousand), as compared with the amounts which would have been reported if the previous standard had been applied consistently.

(j) Lease transactions

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

(k) Income taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes. The Company and its subsidiaries adopted the deferred tax accounting method. Income taxes were determined using the asset and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(l) Research and development expenses and computer software

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

(m) Appropriation of retained earnings

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

(n) Net loss and dividends per share

Net loss per share of common stock, shown in the accompanying consolidated statements of operations, is computed based on the weighted average number of shares outstanding during each year. "Cash dividends per share", shown in the accompanying consolidated statements of operations, represents dividends declared and paid as applicable to the respective fiscal year.

(o) Reclassifications

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

2. U.S. DOLLAR AMOUNTS

The U.S. dollar amounts are included solely for convenience. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted translation procedures. The rate of ¥123.90 = U.S.$1, the approximate current rate prevailing on March 31, 2001, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

3. INTEGRATION OF A SUBSIDIARY COMPANY

On August 1, 2001, a subsidiary company, Shin Nikkei Company, Ltd., became a wholly owned subsidiary of the Company through exchange offer procedures. The exchange was accounted for as a purchase method. As a result, "Negative goodwill" increased by ¥11,776 million ($95,044 thousand), "Minority interest in consolidated subsidiaries" decreased by ¥14,866 million ($119,984 thousand), "Common stock" increased by ¥1,627 million ($13,132 thousand), and "Additional paid-in capital" increased by ¥1,463 million ($11,808 thousand). Negative goodwill on this transaction is being amortized on a straight-line basis over a 3-year period.

4. CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents to the accounts disclosed on balance sheets at March 31, 2000 and 2001 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	**2001**	**2001**
Cash and deposits	¥41,215	**¥40,497**	**$326,852**
Time deposits with maturity in excess of 3 months	(1,103)	**(1,343)**	**(10,839)**
Commercial paper included in "Marketable securities" in 2000 and in "Other current assets" in 2001	1,800	**2,529**	**20,412**
Cash and cash equivalents	¥41,912	**¥41,683**	**$336,425**

5. INVENTORIES

Inventories at March 31, 2000 and 2001 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2000	**2001**	**2001**
Finished products	¥28,537	**¥26,184**	**$211,332**
Work in process, including costs related to construction-type-contracts	28,648	**38,729**	**312,583**
Raw materials and supplies	12,767	**13,220**	**106,699**
	¥69,952	**¥78,133**	**$630,614**

6. MARKETABLE SECURITIES AND INVESTMENT SECURITIES

The following is certain information relating to the aggregate carrying amount and fair value of securities after the adoption of the new standard in 2001.

(a) Held-to-maturity debt securities with available market value

The aggregate carrying amount, market value, gross unrealized gains and losses of held-to-maturity debt securities classified as "Other securities", for which market values were available at March 31, 2001 were as follows:

	Millions of yen			
	2001			
	Carrying amount	Unrealized gains	Unrealized losses	Market value
Maturity debt securities	**¥2,005**	**¥0**	**¥33**	**¥1,972**

	Thousands of U.S. dollers			
	2001			
	Carrying amount	Unrealized gains	Unrealized losses	Market value
Maturity debt securities	**$16,182**	**$0**	**$266**	**$15,916**

(b) The realized gains and losses on sales of "Other securities" during the year ended March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
Selling amount	¥776	$6,263
Gains on sales of securities	529	4,270
Losses on sales of securities	—	—

(c) The carrying amounts of "Other securities", for which market values were not available at March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
(1) Held-to-maturity securities		
Domestic debt securities privately offered	¥ 125	$ 1,009
(2) Other securities		
Equity investments in nonpublic companies	11,395	91,969
Others	2,606	21,033

(d) Redemption schedules for maturity of debt securities at March 31, 2001 were as follows:

	Millions of yen			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities				
Government and municipal bonds	¥ 128	¥ —	¥—	¥125
Corporate debt securities	2,000	2,000	—	—
Other	500	—	—	—
Other	209	28	2	—
	¥2,837	¥2,028	¥ 2	¥125

	Thousands of U.S. dollars			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities				
Government and municipal bonds	$ 1,033	$ —	$—	$1,009
Corporate debt securities	16,142	16,142	—	—
Other	4,035	—	—	—
Other	1,687	226	16	—
	$22,897	$16,368	$ 16	$1,009

Disclosure of the above information for the fiscal year ended March 31, 2000 was not required.

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2001 bore interest at annual rates ranging from 0.578% to 6.400% and were represented generally by bank overdrafts or short-term notes maturing at various dates within one year.

Long-term debt at March 31 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Loans, principally from banks and insurance companies due from 2000 to 2013 with interest rates ranging from 0.930% to 8.020%:			
Secured	¥ 52,909	¥ —	$ —
Unsecured	43,711	—	—
Loans, principally from banks and insurance companies due from 2001 to 2014 with interest rates ranging from 1.000% to 8.020%:			
Secured	—	43,164	348,378
Unsecured	—	46,825	377,926
Unsecured 2.90% Bonds due November 7, 2002, redeemable before due date (A)	10,000	10,000	80,710
Unsecured 2.45% Bonds due December 5, 2001, redeemable before due date	10,000	10,000	80,710
Unsecured 2.75% Bonds due December 5, 2002, redeemable before due date (B)	10,000	10,000	80,710
Unsecured 2.45% Bonds due January 10, 2002, redeemable before due date	10,000	10,000	80,710
Unsecured 2.65% Bonds due February 10, 2004, redeemable before due date	10,000	10,000	80,710
Unsecured 2.40% Bonds due February 10, 2003, redeemable before due date	10,000	10,000	80,710
Unsecured 2.45% Bonds due July 25, 2003, redeemable before due date	10,000	10,000	80,710
Unsecured 2.675% Bonds due August 20, 2004, redeemable before due date	10,000	10,000	80,710
Unsecured 2.175% Bonds due September 11, 2002, redeemable before due date	10,000	10,000	80,710
Unsecured 2.00% Bonds due June 22, 2001, redeemable before due date	5,000	5,000	40,356
Unsecured 2.00% Bonds due December 25, 2000, redeemable before due date	5,000	—	—
Unsecured 2.40% Bonds due July 19, 2002, redeemable before due date	7,000	7,000	56,498
	203,620	191,989	1,549,548
Less—portion due within one year	(24,639)	(46,066)	(371,800)
Total long-term debt	¥178,981	¥145,923	$1,177,748

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

(B) These 2.75% Bonds, of ¥10,000 million ($80,710 thousand), were issued at a price equal to 99.90% of the principal amount, and interest of ¥1,000 million ($8,071 thousand) out of the ¥10,000 million ($80,710 thousand) was swapped at the six-month yen LIBOR rate until September 1998. After that, such interest rates were swapped at the fixed rate.

Differences between the issued price and the principal amount are credited or charged to income at the time of issue.

A summary of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2001 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits	¥ 408	$ 3,293
Notes and accounts receivable—trade	394	3,180
Property, plant and equipment	119,181	961,913
Investment securities	148	1,195

The aggregate annual maturities of long-term debt after March 31, 2001 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2002	¥ 46,066	$ 371,800
2003	72,615	586,077
2004	37,707	304,334
2005	23,804	192,123
2006	6,352	51,267
Thereafter	5,445	43,947
	¥191,989	$1,549,548

8. RETIREMENT BENEFIT PLAN

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

Accrued severance indemnities as of March 31, 2001 are analyzed as follows:

	Millions of yen	Thousands of U.S. dollars
Projected benefit obligations	¥(67,577)	$(545,416)
Fair value of plan assets	21,161	170,791
	(46,416)	(374,625)
Unrecognized transition amount	25,067	202,316
Unrecognized actuarial differences	2,695	21,752
Accrued severance indemnities	¥(18,654)	$(150,557)

The net pension expense related to the retirement benefits for the year ended March 31, 2001 was as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥3,797	$30,646
Interest cost	1,793	14,471
Expected return on plan assets	(628)	(5,069)
Amortization of transition amount	4,499	36,312
Net pension expense	¥9,461	$76,360

Note 1: In addition to the above costs, additional benefits amounting to ¥2,335 million ($18,846 thousand) were charged to special losses for the year ended March 31, 2001.

Note 2: The figures for "Amortization of transition amount" in the above table include an amount in respect of employees who retired in the fiscal year of ¥2,098 million ($16,933 thousand) which was amortized at the time of their retirement.

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

Discount rate	3.0%
Expected rate of return on plan assets	3.0%
Method of attributing the projected benefits to periods of employee service	Straight-line basis
Amortization of unrecognized actuarial differences	Mainly 12 years
Amortization of transition amount	12 years

9. INCOME TAXES

The Company and its domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, indicate a statutory effective tax rate of approximately 42% for the year ended March 31, 2000 and 2001.

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

Significant components of deferred tax assets and liabilities at March 31, 2000 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Deferred tax assets:			
Tax loss carry forwards	¥22,859	¥20,199	$163,027
Loss on write-down of investment securities	—	6,571	53,035
Accrued severance indemnities	3,038	5,270	42,534
Loss on disposal of fixed assets	3,200	3,425	27,643
Allowance for doubtful accounts	1,971	2,399	19,362
Others	5,297	8,413	67,901
Total gross deferred tax assets	36,365	46,277	373,502
Valuation allowance	(21,046)	(31,782)	(256,513)
Total deferred tax assets, net of valuation allowance	15,319	14,495	116,989
Deferred tax liabilities:			
Depreciation	(1,519)	(87)	(702)
Others	(406)	(465)	(3,753)
Total gross deferred tax liabilities	(1,925)	(552)	(4,455)
Net deferred tax assets	¥13,394	¥13,943	$112,534

As a result of making a loss before income taxes and minority interest for the years ended March 31, 2000 and 2001, the breakdown of the difference between the statutory tax rate and the effective income tax rate has not been presented.

10. APPROPRIATIONS OF RETAINED EARNINGS

No cash dividends were proposed and approved at the ordinary general meeting of shareholders of the Company held on June 28, 2001.

11. LEASE TRANSACTIONS

The Companies charge or credit to income periodic lease payments and receipts for financing leases which do not have options to transfer ownership of leased assets to lessees. Such periodic lease payments and receipts under financing lease contracts totaled ¥2,148 million and ¥2,113 million ($17,054 thousand), ¥183 million and ¥142 million ($1,146 thousand), respectively, for the years ended March 31, 2000 and 2001. Future lease payments and receipts under the Companies' financing leases and non-cancelable operating leases, including amounts representing interest, at March 31, 2000 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Lease payments			
Due within one year	¥2,470	¥2,382	$19,225
Due beyond one year	3,555	3,027	24,431
	¥6,025	¥5,409	$43,656
Lease receipts			
Due within one year	¥ 449	¥ 288	$2,324
Due beyond one year	574	294	2,373
	¥1,023	¥ 582	$4,697

Leased assets under the Companies' financing leases, where lessors retain ownership of leased assets, are accounted for as operating leases by the Companies. If such leases were capitalized, then the cost of the assets and the related accumulated depreciation at March 31, 2000 and 2001 would be as follows:

	Millions of yen		
	2000		
	Cost	Accumulated depreciation	Net amount
Buildings and structures	¥ 229	¥ 192	¥ 37
Machinery and equipment	8,733	4,243	4,490
Intangible fixed assets	152	73	79
	¥9,114	¥4,508	¥4,606

	Millions of yen			Thousands of U.S. dollars
	2001			**2001**
	Cost	Accumulated depreciation	Net amount	Net amount
Buildings and structures	**¥ 74**	**¥ 59**	**¥ 15**	**$ 121**
Machinery and equipment	**8,890**	**4,793**	**4,097**	**33,067**
Intangible fixed assets	**156**	**77**	**79**	**638**
	¥9,120	**¥4,929**	**¥4,191**	**$33,826**

The depreciation amount for these leased assets computed on the straight-line method over the periods of the leases would have been ¥2,148 million and ¥2,113 million ($17,054 thousand) for the years ended March 31, 2000 and 2001, respectively.

Fixed assets excluding sub-leased assets, which are leased to other companies under financing leases without options to transfer ownership of the leased assets to lessees at March 31, 2000 and 2001, were as follows:

	Millions of yen		
	2000		
	Cost	Accumulated depreciation	Net amount
Machinery and equipment	¥466	¥318	¥148

	Millions of yen			Thousands of U.S. dollars
	2001			**2001**
	Cost	Accumulated depreciation	Net amount	Net amount
Machinery and equipment	**¥153**	**¥107**	**¥46**	**$372**

The depreciation amount of these leased assets computed on the straight-line method over the periods of the leases would have been ¥136 million and ¥105 million ($847 thousand) for the years ended March 31, 2000 and 2001, respectively.

12. DERIVATIVES

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

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for financial instruments, which is effective for years beginning on or after April 1, 2000. Under the new standard, disclosure of the fair value of derivatives that are regarded as the commencement or suspension of the hedges is required. The following are the interest rate swap agreement contracts at March 31, 2001 which are recognized as suspension of the hedges.

	Millions of yen			Thousands of U.S. dollars		
	2001			2001		
	Contract amount	Estimated fair value	Unrealized gain/(loss)	Contract amount	Estimated fair value	Unrealized gain/(loss)
Interest rate swap agreements:						
Variable-rate into fixed-rate obligations	**¥11,000** *1	**¥558** *2	**¥138**	**$88,781**	**$4,504**	**$1,114**
Fixed-rate into variable-rate obligations	**11,000** *1	**(132)** *2	**(103)**	**88,781**	**(1,065)**	**(831)**

**1 The "Contract amount" of interest rate swap agreements represent the nominal amount of the agreements.*

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

13. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2001 for loans guaranteed and other guarantees given in the ordinary course of business amounted to ¥29,766 million ($240,242 thousand), including ¥6,511 million ($52,550 thousand) shared by other joint guarantors, and ¥6,313 million ($50,952 thousand) for notes discounted.

14. SEGMENT INFORMATION

The Companies operate within four distinct industry segments mainly in Japan: aluminum ingot and chemicals, aluminum sheet and extrusions, fabricated products and others and building materials.

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

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

The "Fabricated products and others" segment produces a variety of products which include, among others, refrigerated warehouses, aluminum foil and heat exchange radiators.

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

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

Export sales and operations outside Japan are insignificant.

Information by industry segment for the years ended March 31, 2000 and 2001 were as follows:

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

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

	Millions of yen					
	2001					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	¥ 91,172	¥69,006	¥225,763	¥179,282	¥ —	¥565,223
Intersegment	51,026	26,395	20,731	1,697	(99,849)	—
Total	142,198	95,401	246,494	180,979	(99,849)	565,223
Operating expenses	133,675	94,022	235,683	186,264	(96,626)*1	553,018
Operating profit (loss)	¥ 8,523	¥ 1,379	¥ 10,811	¥ (5,285)	¥ (3,223)	¥ 12,205
Identifiable assets	¥ 98,350	¥91,520	¥213,424	¥200,581	¥ (3,502)*2	¥600,373
Depreciation	¥ 2,849	¥ 3,289	¥ 6,067	¥ 7,069	¥ 94	¥ 19,368
Capital expenditures	¥ 3,153	¥ 2,620	¥ 7,198	¥ 4,644	¥ 47	¥ 17,662

**1 Netting of corporate items...¥3,207 million   *2 Netting of corporate items...¥26,484 million*

	Thousands of U.S. dollars					
	2001					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	$ 735,852	$556,949	$1,822,139	$1,446,989	$ —	$4,561,929
Intersegment	411,832	213,035	167,320	13,697	(805,884)	—
Total	1,147,684	769,984	1,989,459	1,460,686	(805,884)	4,561,929
Operating expenses	1,078,895	758,854	1,902,203	1,503,341	(779,871)*1	4,463,422
Operating profit (loss)	$ 68,789	$ 11,130	$ 87,256	$ (42,655)	$ (26,013)	$ 98,507
Identifiable assets	$ 793,786	$738,660	$1,722,551	$1,618,894	$ (28,265)*2	$4,845,626
Depreciation	$ 22,994	$ 26,546	$ 48,967	$ 57,054	$ 759	$ 156,320
Capital expenditures	$ 25,448	$ 21,146	$ 58,095	$ 37,482	$ 379	$ 142,550

**1 Netting of corporate items...$25,884 thousand   *2 Netting of corporate items...$213,753 thousand*

As discussed in Note 1 (i), the Company and its subsidiaries adopted the new Japanese accounting standard for retirement benefits, which is effective for years beginning on or after April 1, 2000. The effect of this change for the year ended March 31, 2000 was to decrease "Operating profit" by approximately ¥176 million ($1,421 thousand) in the "Aluminum ingot and chemicals" segment, by approximately ¥151 million ($1,219 thousand) in the "Aluminum sheet and extrusions" segment, and by approximately ¥45 million ($363 thousand) in the "Fabricated products and others" segment, to increase "Operating loss" by approximately ¥275 million ($2,220 thousand) in the "Building materials" segment, and to decrease "Operating loss" by approximately ¥8 million ($65 thousand) in the "Elimination or corporate items" column.

Report of Independent Accountants

PRICEWATERHOUSECOOPERS

June 28, 2001

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and of cash flows, expressed in Japanese yen, present fairly, in all material respects, the financial position of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries at March 31, 2000 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan. These consolidated financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in Japan which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1 to the accompanying consolidated financial statements, effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standards for financial instruments, retirement benefits, and foreign currency translation.

The U.S. dollars amounts shown in the accompanying consolidated financial statements have been translated solely for convenience. We have reviewed this translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis described in Note 2 to the consolidated financial statements.

PricewaterhouseCoopers

Notice to Readers

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

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

Overseas Network

Overseas Subsidiaries and Affiliates

North America

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

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

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

Alcan Nikkei Asia Holdings Limited
Bermuda
Phone: 1-441-295-3550
Holding company for investment with Alcan in Southeast Asia and China
(40%)

Europe

Toyal Europe Société Anonyme
Accous, France
Phone: 33-05-59-983535
Aluminum powder and paste
(100%)

East Asia

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

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

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

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

Southeast Asia

Alcan Nikkei Asia Company Limited
Malaysia
Phone: 60-3-7954-5286
Management of invested companies in Southeast Asia
(40%)

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

Alcan Nikkei Thai Limited
Bangkok, Thailand
Phone: 66-2-260-7000
Extrusions, aluminum alloys [4]

Aluminium Company of Malaysia Bhd.
Malaysia
Phone: 60-3-7956-1588
Aluminum sheet, foil, extrusions [5]

Alcom Nikkei Specialty Coatings Sdn. Bhd.
Malaysia
Phone: 60-3-3342-2234
Pre-coated finstock [6]

Amalgamated Aluminium and Alloys Sdn. Bhd.
Malaysia
Phone: 60-3-3341-9500
Aluminum alloys
(35%)

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

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

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

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

[3] 63%; Interest held through ANAH
37%; Interest held through Nikkei Holdings Pte. Ltd., which is 100% owned by ANAH

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

[5] 49.15%; Interest held through ANAH
10%; Interest held through Alcan Nikkei Siam Limited

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

(As of June 28, 2001)

Directors and Officers

Directors

Yukoh Masuda
Chairman of the Board

Shigesato Sato
President
Representative Director

Yoshisato Hiratsuka

Akihiko Hayashi

Kimihito Kakitani

Takashi Ishiyama

Kazuyuki Hasegawa

Hisao Kobayahi

Ariyoshi Okumura

Glenn R. Lucas

Auditors

Hideaki Nagaoka

Hajime Hosokawa

Yasuyuki Wakahara

Seiichi Takeda

Officers

Shigesato Sato
President
Chief Executive Officer

Yoshisato Hiratsuka
Executive Vice President
Senior Executive Officer

Akihiko Hayashi
Executive Vice President
Senior Executive Officer

Kimihito Kakitani
Senior Executive Officer

Shigeru Kohmura
Executive Officer

Michio Hara
Executive Officer

Takashi Ishiyama
Executive Officer

Motoi Kobayashi
Executive Officer

Yoshinobu Hiki
Executive Officer

Takamichi Sakai
Executive Officer

Toshikazu Fujita

Yoji Miyauchi

Teruo Miyashita

Koji Kawakami

Tsuyoshi Nakajima

Toshikazu Wasa

Mitsuru Ishihara

Yoshiaki Kurihara

(As of June 28, 2001)

Corporate Data

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

Established
March 30, 1939

Paid-In Capital
¥39,084 million

Shares of Common Stock
Authorized: 1,600,000,000
Issued: 543,350,370

Number of Shareholders
57,392
(As of March 31, 2001)

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

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

Last Shareholders' Meeting
June 28, 2001

Major Shareholders
Alcan Nikkei Asia Holdings Ltd.
(8.39%)
Dai-Ichi Kangyo Bank, Ltd.
(3.72%)
Asahi Mutual Life Insurance Co.
(3.64%)
Industrial Bank of Japan, Ltd.
(3.46%)
The Sumitomo Trust & Banking Co., Ltd.
(3.22%)
The Chuo Mitsui Trust & Banking Co., Ltd.
(3.08%)
The Light Metal Educational Foundation, Inc.
(2.74%)
Namekawa Aluminum Co., Ltd.
(2.06%)
Itochu Co., Ltd.
(2.05%)
The Chuo Mitsui Trust & Banking Co., Ltd. (Trust Accounts)
(1.86%)

Major Domestic Affiliated Companies

Shin Nikkei Company, Ltd.
Aluminum sashes, construction materials
(100%)

Nippon Fruehauf Co., Ltd.
Aluminum vans, trucks, trailers
(51%)

Toyo Aluminium K.K
Aluminum foil, powder and paste
(100%)

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

Nippon Electrode Co., Ltd.
Carbon for iron and steel blast furnaces and for aluminum smelting, and other types of carbon
(100%)

Nikkei Sangyo Co., Ltd.
Aluminum welding rods, various kinds of contract work
(98.6%)

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

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

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

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

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

(As of June 28, 2001)

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