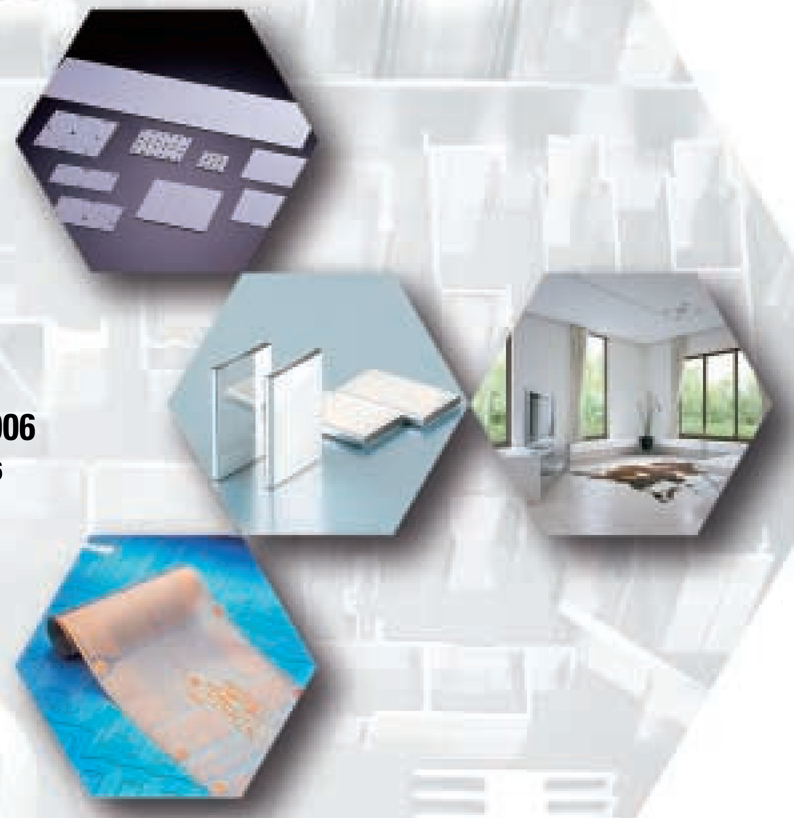
ANNUAL REPORT 2006

Year ended March 31, 2006



NIPPON LIGHT METAL COMPANY, LTD.

PROFILE

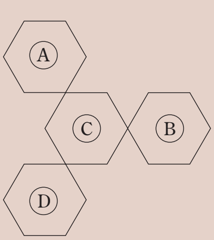
Since its foundation in 1939, Nippon Light Metal Company, Ltd. has been constantly involved with aluminum. Today, Nippon Light Metal is Japan's sole fully integrated aluminum manufacturer with activities ranging from alumina refining to fabrication of various products.

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

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

Contents

On the Cover:



(A) Ceramic Products
(B) "Alupla Clus" (aluminum sash)
(C) Lithium-ion battery case
(D) Etching circuit foil

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.

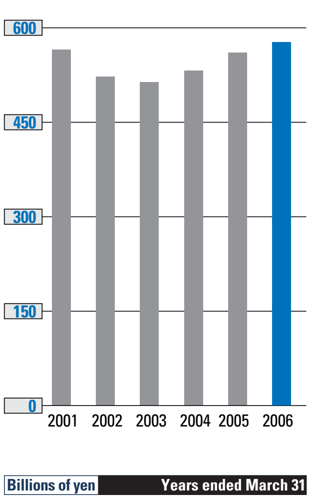
CONSOLIDATED FINANCIAL HIGHLIGHTS

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

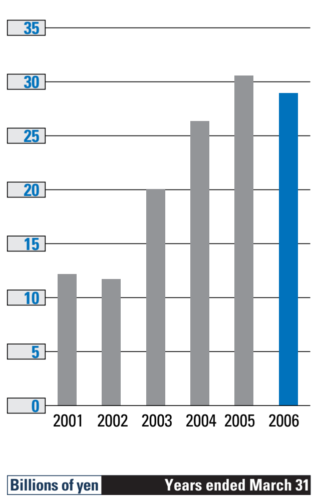
	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
For the year:			
Net sales	¥560,284	**¥577,061**	**$4,912,412**
Operating profit	30,560	**28,923**	**246,216**
Net income	13,488	**9,684**	**82,438**
At year-end:			
Total assets	514,781	**533,526**	**4,541,806**
Shareholders' equity	115,282	**125,994**	**1,072,563**
Short-term borrowings and long-term debt, including bonds and capital lease obligation	209,042	**207,818**	**1,769,115**
Per share data (yen and dollars):			
Net income—basic	¥ 24.78	**¥ 17.79**	**$ 0.15**
—diluted	23.83	**16.89**	**0.14**
Cash dividends	3.50	**4.00**	**0.03**
Shareholders' equity	212.63	**232.54**	**1.98**
Stock information (TSE) (yen and dollars):			
Stock price:			
High	¥ 312	**¥ 363**	**$ 3.09**
Low	219	**251**	**2.14**

Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥117.47 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

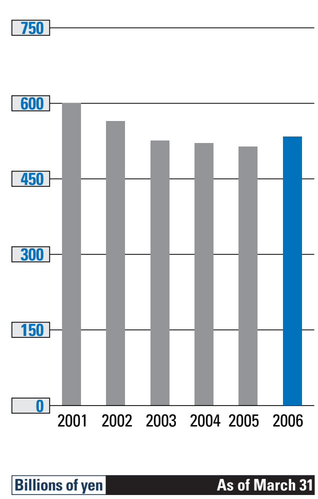
Net Sales



Operating Profit



Total Assets



Shigesato Sato *President and CEO*

I am pleased to report on the operating results for Nippon Light Metal Company, Ltd. and its consolidated group companies for fiscal 2005 (the year from April 1, 2005, to March 31, 2006).

Overview of Fiscal 2005

During the year under review, the aluminum industry experienced a decrease in sales volumes and a slide in selling prices in the construction and IT-related sectors, despite favorable demand in the automotive and transport sectors. Furthermore, a spike in prices in the global aluminum ingot market from the autumn of 2005 onward put tremendous pressure on profits in the field of processing of aluminum ingot-based materials. This, coupled with sharp increases in the prices of other raw materials and secondary materials and the price of crude oil, resulted in an adverse business environment.

In these economic circumstances, in the fourth year of the NLM Group Mid-Term Management Plan (effective from fiscal 2002 through fiscal 2006), the NLM Group implemented measures in line with the plan in order to build a continuously growing corporate group with a highly profitable business structure and strove to create and promote products and services that take advantage of the Group's unique technologies and collective strength. As a result, NLM recorded consolidated net sales of ¥577.1 billion, operating profit of ¥28.9 billion and ordinary profit of ¥22.4 billion, results that exceeded the forecast announced in November 2005. Net sales increased for the third consecutive year and ordinary profit increased for the seventh consecutive year.

NLM paid a year-end cash dividend of ¥4.0 per share which was approved at the ordinary general meeting of shareholders of the company held on June 29, 2006, an increase of ¥0.5 from the previous year.

Operating Results

Sales in the Aluminum Ingot and Chemicals segment increased by ¥4.1 billion year on year to ¥97.1 billion and operating profit rose by ¥0.8 billion to ¥9.6 billion. The increase was attributable to strong shipments of alumina and aluminum hydroxide products and chemicals in Alumina and Chemicals Operations and an increase in demand from the automotive sector in Aluminum and Aluminum Alloy Operations.

Sales in the Aluminum Sheet and Extrusions segment decreased by ¥2.1 billion year on year to ¥70.7 billion, while operating profit rose by ¥0.7 billion to ¥6.4 billion. Although shipments of aluminum foil stock for capacitors fell sharply, shipments of extruded products for automobiles, trucks, and railway cars developed favorably.

Sales in the Fabricated Products and Others segment increased by ¥18.6 billion year on year to ¥238.4 billion, and operating profit rose by ¥1.0 billion to ¥15.8 billion. The results were attributable to the inclusion of sales of Tokai Aluminum Foil, which became a consolidated subsidiary from fiscal 2005, and overall favorable business results from Panel Systems Operations and other operations.

Sales in the Building Materials segment decreased by ¥3.9 billion year on year to ¥170.8 billion, and an operating loss of ¥0.2 billion was posted following an operating profit of ¥4.1 billion for the previous term. The results were attributable to a drop in selling prices and higher prices of aluminum ingot and materials.

Business Issues and New Mid-Term Management Plan

Fiscal 2006 is the final year of the current Mid-term Management Plan. By thoroughly implementing the plan, we have achieved good results so far. In particular, in the extrusion business, where improved profitability was a priority objective when the plan was formulated, we have achieved an increase in profits for four consecutive years. Also, we have raised profitability in the aluminum foil and aluminum powder and paste business, capitalizing on our competitive advantage.

These improvements notwithstanding, the most important business issue facing the group is that profitability in the building materials business remains unstable. As the building materials market continues to mature, competition among companies is expected to intensify. Accordingly, NLM will implement radical reform* with the aim of increasing and stabilizing earning power.

With the aim of continuing to increase profits in the coming years, we are drawing up plans for an NLM Group that will consist of a greater number of powerful products and powerful businesses. We are engaged in a group-wide project to formulate a new mid-term management plan to achieve that objective and will announce the new plan this fiscal year.

* See Pages 4 and 5 for details.

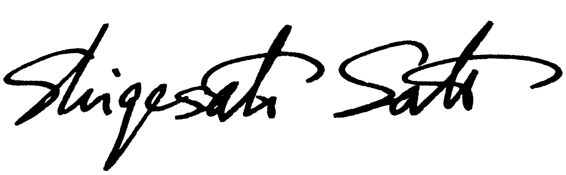
Outlook for Fiscal 2006

Although the aluminum industry is expected to experience strong demand in fiscal 2006, sharp increases in prices for aluminum ingot, the principle raw material for NLM's businesses, for raw materials and fuel, and for other materials make for an uncertain business environment. In these circumstances, the NLM Group will endeavor to achieve consolidated net sales of ¥600 billion and ordinary profit of ¥22 billion in fiscal 2006 through the rigorous implementation of a range of streamlining measures and the development and promotion of new products.

The NLM Group will seek to further strengthen its compliance system with the aim of being a group that makes a valuable contribution to society by adroitly responding to changes in the business environment.

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

June 2006



Shigesato Sato
President and CEO

An Interview with the President

Structural Reform of the Nippon Light Metal Group and Future Business Issues
The Final Year of the Mid-Term Management Plan

Shigesato Sato assumed office as president of Nippon Light Metal in April 2001 at a time when NLM had posted losses for five consecutive years (the consolidated net loss in fiscal 2000 was ¥21.9 billion), and the stock price had fallen below ¥100. Five years later, we asked President Sato to relate how NLM overcame its crisis and describe his vision for the future.

Q1. *In fiscal 2005 NLM posted ordinary profit of ¥22.4 billion as compared to the target of ¥23.0 billion in the Mid-Term Management Plan, which concludes in fiscal 2006. Are you satisfied with this figure?*

A1. I think we can highly rate the fact that overall we were able to greatly exceed the forecast announced in November 2005 when we reported the mid-term results. Moreover, we achieved a year-on-year increase in profit as a result of compensating for a spike in the price of aluminum ingot and other major changes in the business environment through a concerted effort. As a consequence of this success, the management initiatives we have implemented during the past five years have steadily and surely borne fruit, and our confidence in our future prospects has increased. However, the problematic building materials operation posted an ordinary loss of ¥3.2 billion, a result that fell far short of the forecast announced in November 2005. I regard this as a situation that calls for considerable reflection on the part of management.

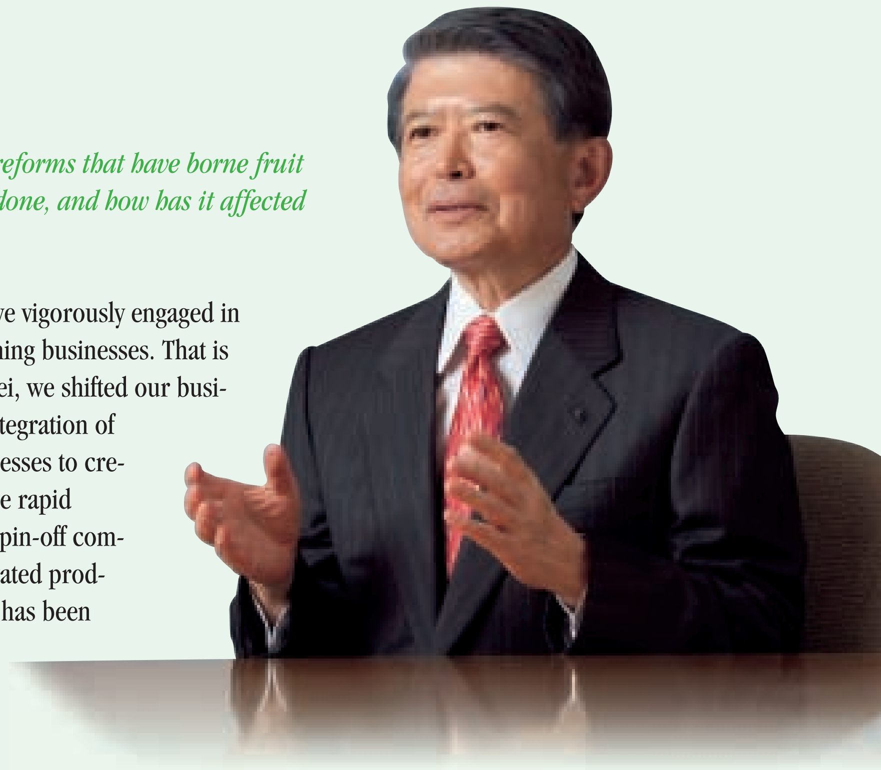
Q2. *Can we expect the uphill battle to continue in the fiercely competitive building materials business?*

A2. During the past five years we have cut selling, general and administrative expenses and purchasing costs in the building materials operation by a total of more than ¥10.0 billion. However, other companies in the industry have engaged in similar initiatives and the beneficial effects of these savings have been negated amid intensifying price competition. Consequently, a loss was unavoidable. We are now engaged in radical reform on three fronts.

The first is a strengthening of customer response capabilities in business operations. What is most required of Shin Nikkei in this area is unification of the production, sales, and service chain. The second aspect is reinforcement and rigorous implementation of strategy. This involves implementing a strategic shift away from a please-everyone approach to an approach involving careful selection of our competitive arena and a more narrowly focused competitive posture. This includes clarification of our product strategy. The third aspect is reinforcement of management capabilities. Previously, Shin Nikkei has been strongly sales oriented, and I think at times Shin Nikkei has been overly lax about profitability. Considerable room for improvement remains in this area provided that from now we unify all business processes from development to manufacturing and marketing and engage in market-centered, profit-oriented management.

From the perspective of Group strategy, we intend to harness the comprehensive capabilities of the NLM Group so as to develop the housing materials business while, at the same time, channeling Shin Nikkei's management resources into high-added-value sectors other than the building materials business. We have already launched a joint task force and are devising a strategy.

Q3. *Please provide specifics of the structural reforms that have borne fruit during the past five years. What has NLM done, and how has it affected business performance?*



A3. First of all, from fiscal 2000 to fiscal 2002 we vigorously engaged in cost cutting and restructuring to rebuild under-performing businesses. That is to say, as I mentioned previously concerning Shin Nikkei, we shifted our business strategy. We implemented measures such as the integration of extrusion facilities and the spinning off of certain businesses to create an organizational structure suited to the market. The rapid recovery in business performance at Nikkeikin ACT, a spin-off company engaged in extrusion and sheet & extrusion fabricated products operations, has produced tremendous results and has been referred to as the "ACT miracle" by people in the industry. The structural reforms, including other measures, and change in operating profit are shown below.

FY	Principal structural reforms	Other measures	Consolidated ordinary profit
2000	NLM withdraws from the MD substrate business. The extrusion facilities are integrated (about one third are decommissioned). Shin Nikkei becomes a wholly owned subsidiary. The landscaping business is made a joint venture company.	The number of directors is decreased (from 31 to 10), and the executive officer system is introduced.	**¥ 2,906 million**
2001	Shigesato Sato becomes president. The Mid-Term Management Plan is established, and targets of ordinary profit of ¥23 billion and a dividend of ¥5 for fiscal 2006 are set.	The new communication mark is unveiled. The Commercialization Strategy Project Office is established. It is decided to resume dividends at the ordinary general meeting of shareholders in June.	**¥ 4,805 million**
2002	The Toyo Aluminium operation is spun off. The panel systems operation is spun off. The extrusion operation and sheet & extrusion fabricated products operation are spun off as Nikkeikin ACT.	Extrusion facilities are partially disposed of.	**¥ 12,325 million**

In addition to these restructuring measures, we engaged in reform of the corporate culture. With regard to human resources, we created a fresh, new corporate atmosphere, actively working to bring energetic, flexible young employees into contact with the market and place personnel who demonstrate competence in the market in positions of responsibility throughout the organization. We unveiled a new communication mark to symbolize these changes. We also strove to create powerful products. As a result of reflection on previous lack of collaboration from the research stage to the marketing stage in new product development, we established the Commercialization Strategy Project Office in 2001 for the purpose of utilizing internal management resources in cross-organizational activities. The office has engaged in the development of new products for individual markets, including the automotive, roads and railways, electrical machinery and electronics, and building construction materials sectors. During the subsequent five-year period we have shifted to a corporate posture such that front-line workers in sales, plants, and laboratories maintain close contact with the market (hands-on) and think from the perspective of the market (market-in). In particular, we have made great progress with the penetration of new products in the automotive and electrical machinery and electronics sectors, areas where we were previously weak.

In fiscal 2003 we began implementing business expansion measures. In Southeast Asia and China, markets experiencing tremendous economic growth, we are involved in alloy operations and sheet and extrusion operations, primarily in the automotive sector. Major measures implemented up to fiscal 2005 are shown below.

FY	Principal structural reforms	Other measures	Consolidated ordinary profit
2003	Introduction of FLEXCASTER™ aluminum sheet continuous casting facilities begins.	Business restructuring is undertaken in Southeast Asia and China. Nikkei Siam Aluminium Ltd. becomes a consolidated subsidiary.	¥16,092 million
2004	Production of aluminum automobile parts begins at NI Nikkei Shenzhen Co., Ltd.	NLM withdraws from the household utensils business.	¥21,857 million
2005	Tokai Aluminum Foil Co., Ltd. becomes a consolidated subsidiary In a joint venture with Mitsubishi Corporation, NLM takes a stake in M.C. NIKKEI Aluminum (Kunshan) Co., Ltd.	A change of presidents at Shin Nikkei is announced. NLM redoubles efforts to bolster profitability in the building materials operation.	¥22,353 million

Finally, we have reduced interest-bearing debt and greatly improved the financial structure. For instance, the shareholders' equity ratio improved markedly from 13.6% in fiscal 2000 to 23.6% in fiscal 2005.

Q4. *NLM is poised to achieve the numerical targets in the Mid-Term Management Plan. What qualitative changes have taken place?*

A4. It is not only earning power and the financial position that have been transformed during the past five years. The corporate culture has also changed greatly. I think we can attribute this to our tenacious engagement in market-centered management. Although I regret to say that we haven't seen the emergence of one or two major new products to drive profits upward, we have groomed new product candidates in market sectors where growth can be expected: for instance, structural materials for automobiles, RFID tags in the electrical equipment and electronics sector, and electromagnetic shielding products in the information and telecommunications sector. In the sense that the buds of new products and new businesses have emerged, NLM Group's growth potential is steadily increasing.

In another development, the New Production System (NPS)*, an initiative in which NLM Group has continuously engaged during the past five years, has made a major contribution to profit expansion. We restarted NPS activities in fiscal 2001 after a period of dormancy. NPS has not only had the effect of increasing productivity and reducing inventory at the plants, it has also clearly raised the level of business performance in terms of the acquisition of optimal techniques for excellence in manufacturing and full employee participation in customer satisfaction activities.

Q5. *Finally, what is your vision for the future direction of NLM?*

A5. The NLM Group aims to be a powerful corporate group of highly profitable businesses that our customers regard as a one-stop supplier for their aluminum needs. In the next mid-term management plan we will aim to establish the NLM brand as the leading group in the field of aluminum by bringing to fruition measures designed to raise the collective power of the Group and to raise the level of profitability so as to make possible the doubling of the ¥5 projected dividend for this fiscal year.

In addition, based on respect for stakeholders (shareholders, business partners, employees, and local communities), we will engage in management that achieves harmony among stakeholders while continuing to develop as a group that combines continuing growth potential with social value.

"Aluminum is our foundation. We will use it as a springboard to new heights."

Inspired by this basic concept underpinning its business operations, the NLM Group seeks to continue developing so as to merit the confidence of shareholders and meet their expectations.

* *NPS (New Production System): The official name is the NPS Research Society. The purpose of this organization, which was launched by people who previously worked at Toyota, is to apply Toyota's production system to various industries. NPS works to enhance operating efficiency by eliminating all waste. The NLM Group holds NPS meetings at its 12 sites and is fostering NPS leaders.*

Basic Principles

The NLM Group shall contribute broadly to society through business activities based on these group management policies.

1. We shall aim to become a company that implements well-balanced management activities and is worthy of public respect based on the awareness that the shareholders, business partners, employees and local community constitute its foundation.
2. We shall aim to become an excellent corporate group with distinctive features in the fields where we are able to maintain a competitive edge through the accumulation and development of technology and expertise centered in the outstanding material aluminum.
3. We shall aim to maximize consolidated earnings based firmly on group management.
4. We shall pursue greater efficiency in total invested capital while promoting rapid responses to changes in the external environment with the intention of further enhancing stable corporate value and creating the anticipated shareholder return.
5. We shall comply with laws, ordinances and social norms and engage in business activities that are fair and transparent.
6. We shall provide products and services that are beneficial to society taking safety fully into account and shall earn the satisfaction and trust of our customers.
7. We shall pursue the creation of a healthy and safe workplace and the realization of "zero accidents".
8. We shall aim to create a free and vigorous corporate culture overflowing with the spirit of challenge with the awareness that human resources are the most essential element of the company. To achieve that, we shall respect the character and individuality of the employees and secure an environment in which they are able to demonstrate to the utmost skills matching their capacity while actively providing opportunities for education.
9. We shall comply with relevant laws and ordinances and shall furthermore take action independently and actively with the awareness that initiatives for global environmental problems are essential issues in corporate activities.
10. We shall appropriately manage corporate information while striving to promote wide-reaching communication with society and disclosing information pertinently and in a timely manner.
11. We shall make every effort to assure the soundness of management by ascertaining diverse risk conditions precisely and promoting activities to alleviate them.

1. Summary of Corporate Governance

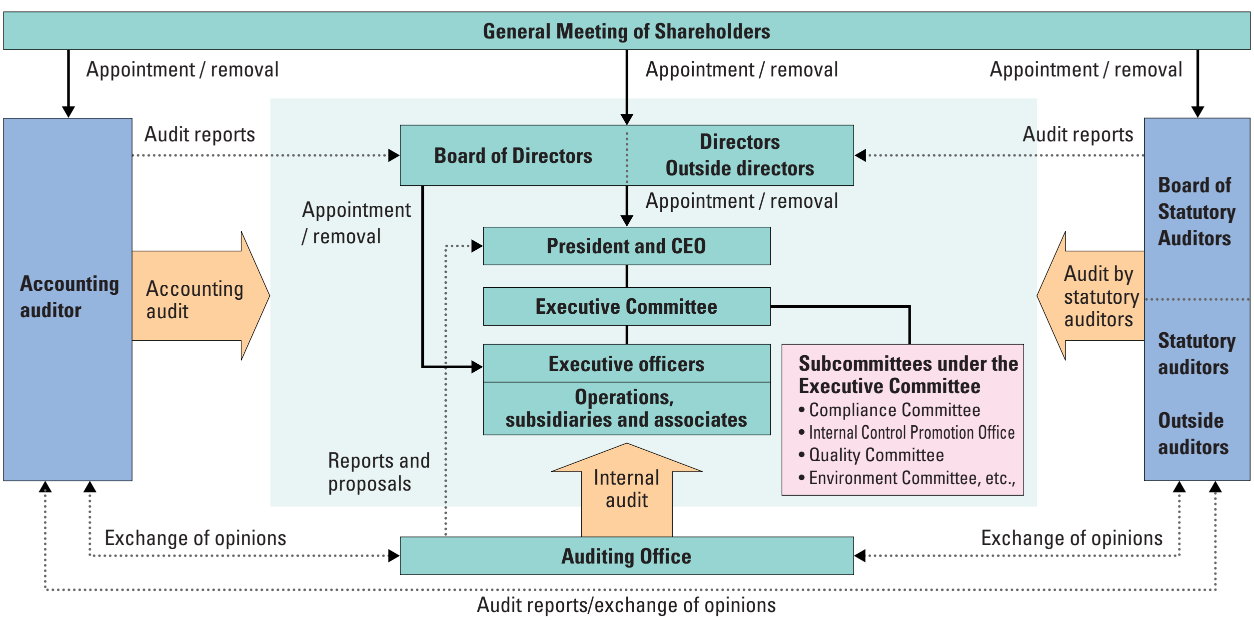
The Company regards the enhancement of corporate governance to be an important management task for the purpose of constructing a management system trusted by shareholders, business partners, employees, local communities, and other stakeholders.

The Company has introduced an executive officer system. The Board of Directors consists of 11 directors, two of whom are outside directors. This management structure makes possible agile management and sufficient deliberation of Board of Directors. To ensure that the roles and responsibilities of directors and executive officers are clearly defined, their term of office is set at one year. The Board of Directors met 12 times in fiscal 2005.

To ensure the multifaceted examination of important matters that affect the entire Group, the Company has organized under the Board of Directors an Executive Committee consisting of the president and CEO, all executive officers with titles, and all officers of subsidiaries who concurrently serve as NLM directors. The Executive Committee meets at least twice a month.

The Company has introduced a statutory auditor system. The Board of Statutory Auditors consists of five statutory auditors, three of whom are outside auditors. The Board of Statutory Auditors is an independent organization that plays a role in corporate governance, including the attendance of statutory auditors at meetings of the Board of Directors and other important internal meetings.

NLM's Corporate Governance Structure



Support Structure for Outside Directors and Outside Statutory Auditors

The Planning Department and Legal Department jointly serve as the secretariat of the Board of Directors and endeavor to distribute in advance to the outside directors and statutory auditors information regarding matters for discussion by the Board of Directors. They also provide explanations in advance concerning highly important matters.

To further strengthen the advisory function for Statutory Auditors, on June 29, 2006, the Company established the Auditors Office.

Accounting Audits

In accordance with the Corporation Law of Japan and the Securities Exchange Law, the Company had appointed Chuo Aoyama PricewaterhouseCoopers as its accounting auditor. However, as Chuo Aoyama PricewaterhouseCoopers received an order from the Financial Services Agency to suspend its business operations for the two-month period from July 1 to August 31, 2006, it lost its qualification to act as the Company's accounting auditor. Accordingly, at a meeting of the Board of Statutory Auditors held on July 1, 2006, the Company appointed Ernst & Young ShinNihon as temporary accounting auditor.

2. Summary of Implementation of Internal Control Systems

The Company regards the enhancement of the internal control systems for regulating the job performance of all NLM Group employees for the purpose of ensuring risk management, compliance with laws and ordinances, operating efficiency, and appropriate financing activities concerning the Company's business processes to be important for the enhancement of corporate governance.

At a meeting of the Board of Directors held on May 17, 2006, the Company decided a basic policy for the implementation of internal control systems. On the same day, the Company established the Internal Control Office under the Executive Committee as an organization to implement infrastructure development for internal control systems.

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

In July 2004 the Company established the Compliance Committee to clearly define its corporate social responsibility and ensure the effectiveness of its internal compliance implementation systems. A director who is a senior executive officer chairs the committee. On April 1, 2006, the Company established the Group Compliance Code. On the same day, the Company established a dedicated internal Compliance Hotline (Internal Whistle-blowing System) and established the Compliance Office and the Hotline Council for Correction Measures to serve as its administrative office. NLM plans to establish the compliance hotline for the entire NLM Group by March 2007.

With regard to compliance awareness activities, the Company believes an atmosphere that ensures officers and employees are aware of compliance in their ordinary work activities and can frankly exchange opinions about compliance in the workplace is important. Each year NLM holds a total of more than 300 meetings at which all employees in the workplace participate.

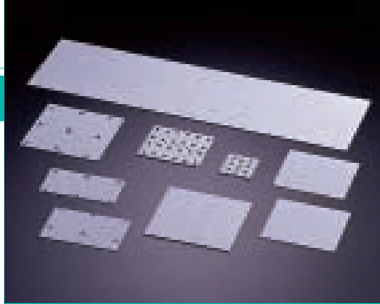
Establishment of Group Risk Management Regulations

On May 29, 2006, the Company established Group Risk Management Regulations that set forth risk management procedures for the entire NLM Group. The regulations identify the following seven forms of risk requiring high-priority countermeasures: 1) Product and service defects, 2) Environmental problems, 3) Disasters (natural disasters and accident disasters), 4) Health and safety problems, 5) Information systems problems, 6) Leakage of trade secrets, and 7) Risk of failure in timely information disclosure. By March 2007 The Company will establish systems for each form of risk in accordance with the Group Risk Management Regulations.

Establishment of Regulations Concerning the Retention and Management of Documents Involving Important Decisions

The Company appropriately retains and manages information concerning the execution of duties on the part of directors in accordance with company regulations and provides that information as needed upon the request of the statutory auditors. On May 29, 2006, the Company instituted Regulations Concerning the Retention and Management of Documents Involving Important Decisions, which set forth criteria for the retention and management of NLM Group approval documents (including related information and data) such as Executive Committee decisions, committee meeting minutes, and decisions taken on departmental authority (applications for approval).

Review of Operations

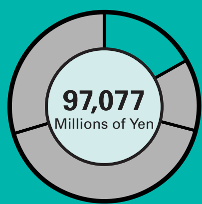


Aluminum Ingot and Chemicals

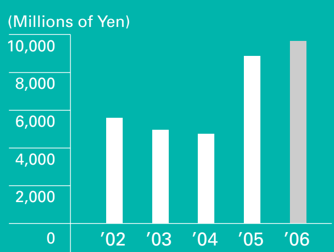
Profile

Alumina and Chemicals Operations produces aluminum hydroxide, alumina, and chemicals used in various fields. These products are used as raw materials for flame retardants, ceramics, and other products and as industrial materials in paper and pulp manufacturing. Aluminum and Aluminum Alloy Operations manufactures primary and secondary aluminum alloys and enjoys an excellent reputation for the development of high-performance alloys in response to customer requirements. High-purity aluminum manufactured at Japan's only aluminum smelting plant is used as a raw material for electronic materials and other products.

Consolidated Net Sales



Consolidated Operating profit



Overview of results for fiscal 2005

In Alumina and Chemicals Operations, overall robust demand continued and shipments were strong.

Sales of alumina and related products increased year on year. Although shipments of low-soda alumina for semiconductors and electronics materials were weak due to a delay in inventory adjustment, shipments of alumina for flame retardants and other products developed favorably on the whole. Efforts to increase sales of high-value-added products and to adjust selling prices in response to an increase in the prices of the raw material bauxite and heavy oil contributed to the increase.

Sales of chemicals increased year on year. Although shipments of coagulants slumped, shipments of caustic soda, hydrochloric acid, and other soda and inorganic chlorine products and organic chlorine products developed favorably and shipments of fluoride products to new users became established. In this sector as well, NLM worked to adjust selling prices as a measure to counter sharp increases in prices of raw materials and fuel.

For Alumina and Chemicals Operations as a whole, profitability improved from the previous term. Although upward pressure on manufacturing costs increased owing to another spike in the price of heavy oil, steep increases in the prices of benzene, toluene, and other raw materials, and continuation of high ocean freight costs for bauxite, plant-level improvements and progress with product price adjustments led to higher profits.

Sales and profits from Aluminum and Aluminum Alloy Operations increased. Although sales volumes of alloy ingots for the steel industry and for flat rolled products remained at the prior-year level, continuation of robust demand from the mainstay automotive sector and success in winning orders for new projects in the electric cable sector fueled an increase in sales volumes. Although prices of aluminum ingot and scrap aluminum raw materials increased, sales increased as selling prices moved roughly in line with raw materials prices. With regard to profit, efforts to improve the product mix and increase sales of high-value-added alloys, the development of a low-cost scrap aluminum procurement route, and other factors led to higher profits. NLM also actively implemented an expansion strategy in overseas markets, which included taking an equity stake in an aluminum alloy manufacturer in China in October 2005 to step up business development in a market that continues to show high growth.

As a result of these developments, sales in the Aluminum Ingot and Chemicals segment increased by ¥4,129 million year on year to ¥97,077 million, and operating profit rose by ¥774 million to ¥9,640 million.

• Principal Products

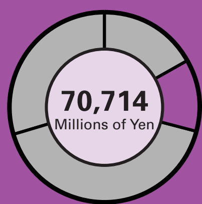
- Aluminum
- Aluminum hydroxide
- Chemicals (chemical products)
- Caustic soda
- Chlorinated chemical products
- Aluminum ingot
- Aluminum alloys

High-purity aluminum

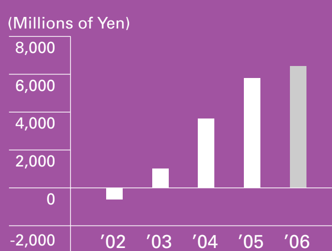
aluminum automotive parts

Aluminum Sheet and Extrusions

Consolidated Net Sales



Consolidated Operating profit



Profile

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

Overview of results for fiscal 2005

In Aluminum Sheet Operations, sales decreased owing to an overall year-on-year drop in sales volumes. Although shipments for the automotive sector developed favorably, shipments of aluminum foil stock for capacitors fell sharply and shipments of aluminum plates for semiconductor and liquid crystal manufacturing equipment slumped. Despite NLM's efforts to secure profits by focusing on cost reductions across all operations and adjustments to selling prices, the impact of an increase in the price of aluminum ingot and higher prices for fuel, subsidiary materials, and other items had an adverse impact on profits.

For Aluminum Extrusion Operations, on the whole sales increased year on year and profits improved owing to increased productivity and a higher contribution to sales from fabricated products, which compensated for an increase in the price of aluminum ingot and other factors that exerted upward pressure on costs. Demand for automotive parts increased and recovery in demand for truck products exceeded initial expectations. Demand from the electrical machinery and electronics sectors fell owing to the impact of inventory adjustments in the IT sector, despite strong demand for photosensitive drums and extruded shapes for machine tools.

As a result of these developments, sales in the Aluminum Sheet an Extrusions segment decreased by ¥2,110 million year on year to ¥70,714 million, and operating profit rose by ¥650 million to ¥6,435 million.

Applications

• Principal Products

Automobile

- Automobile suspension parts
- Lead-free cut aluminum alloy
- Quick freezing coagulated powder extruded materials
- High-intensity molded aluminum sheet

Transport

- Large structural materials for railway rolling stock
- Side block for trucks

Electronics

- Thick plate for semiconductor and LCD manufacturing equipment, Foil stock
- Photosensitive drum materials

Industrial

- Printing roll
- Industrial materials

Building materials and infrastructure materials

- aluminum honeycomb panel
- Scaffolding

Cold plate

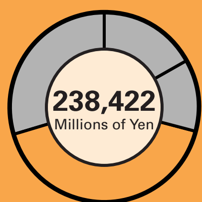
Rolling machine

Fabricated Products and Others

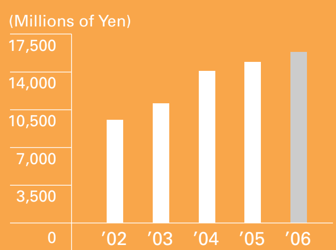
■ Profile

The NLM Group includes a number of companies that handle distinctive fabricated products. In particular, Toyo Aluminum's aluminum foil and aluminum powder and paste, Nippon Freuhauf's van and truck bodies, and Nikkei Panel System's commercial refrigerator and freezer panels enjoy an excellent reputation for quality and are market share leaders in their respective fields. In addition, the Group provides familiar consumer products, including anodized aluminum foil for aluminum electrolytic capacitors, automotive parts, landscaping products, containers, and packaging materials.

■ Consolidated Net Sales



■ Consolidated Operating profit



■ Overview of results for fiscal 2005

In Aluminum Foil and Aluminum Powder and Paste Operations, sales increased slightly year on year. Sales of aluminum foil increased owing to the inclusion of subsidiary Tokai Aluminum Foil Co., Ltd. in the scope of consolidation in May 2005. Shipments of general-purpose foil for food products and pharmaceuticals packaging developed favorably and shipments of electronics materials rose in line with increased use of RFID tags and smart cards. However, amid intensifying competition, shipments of high-purity aluminum foil for capacitors were sluggish and shipments of foil for consumer products decreased owing to the impact of low-priced imports.

In the aluminum powder and paste sector, overall sales increased slightly year on year. Although shipments for plastic coatings and automotive use were weak, shipments of functional materials such as ink for solar cells developed favorably. A sharp increase in the price of aluminum ingot, the raw material for this business, resulted in deterioration of profits from the previous year.

In Transport-Related Operations, although a recovery in truck demand fueled a year-on-year increase in sales from the van and truck outfitting business, across-the-board increases in prices of aluminum products, steel products, plastics products, and other principal materials undermined profitability.

Sales of automobile air conditioning capacitors rose year on year owing to an increase in demand for capacitors both in Japan and overseas as a result of an increase in the supply of parts from Japan to overseas plants and to favorable sales of models for subcompact cars.

An increase in orders for mainstay brake calipers and peripheral engine parts compensated for a decrease in shipments of scrolls and other wrought aluminum products, fueling a year-on-year increase in sales of shaped parts.

In Electronic Materials Operations, shipments of anodized aluminum foil for electrolytic capacitors fell sharply year on year as a result of a prolonged electronic parts inventory adjustment that continued from the second half of the previous term. Although NLM focused on high-value-added products and worked to cut costs at plants, the profit situation was very challenging.

Overall sales from Panel Systems Operations again increased year on year following strong results for the previous year. Sales of panels for commercial freezers and refrigerators rose as a result of well-targeted sales and marketing, such as focusing on winning orders for large projects in response to signs of an increase in capital investment in the food processing industry. Demand for clean rooms was strong as a result of robust production in the electronic parts and devices sector. Despite higher prices for steel plates and foam materials, profits improved year on year as a result of efforts to reduce costs and maintain selling prices.

With regard to other fabricated products and related businesses, although sales of aluminum mini-kegs for beer fell year on year as a result of lower demand for beer due to a reaction following the extreme summer heat the previous term and the impact of higher shipments of alcoholic beverages that resemble beer, overall sales increased from the previous year due to the use of aluminum mini-kegs and servers in sales campaigns by brewers.

Amid harsh market conditions resulting from continuing contraction of public works spending, sales of landscaping products fell year on year due to a decrease in the number of major projects, despite efforts to increase sales of aluminum movable covers for water and sewage plant, guard fences, and brazed honeycomb panels, a new mainstay product, and efforts focused on the floodgate repair business.

NLM decided in March 2005 to withdraw from the household utensils business owing to poor prospects for improvement in the business environment and discontinued all sales and marketing activities on September 30, 2005. We will continue to discharge our responsibility to provide service to customers who have purchased these products and to collect recalled two-handled pressure cookers.

As a result of these developments, sales in the Fabricated Products and Others segment increased by ¥18,620 million year on year to ¥238,422 million, and operating profit rose by ¥965 million to ¥15,848 million.

Applications

• Principal Products

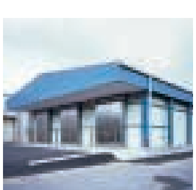
Automobile
- Powder and paste
- Cast and forged parts for automobiles
- Heat exchangers for automobiles

Transport
- Van truck bodies and trailers

Electronics
- Aluminum foil for electrolytic capacitors
- Anodized foil for electrolytic capacitors
- Clean rooms

Building materials and infrastructure materials
- Landscape engineering products
- Solid truss structural materials (Aluminum truss)
- Plant package for communication base stations

Food and lifestyle
- Aluminum foil
- Panels for commercial refrigerators and freezers



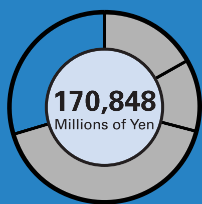
Business-use freezing and refrigeration warehouse

Building Materials

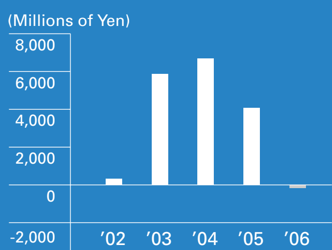
Profile

Shin Nikkei plays a central role in providing high-quality aluminum building materials, operating in accordance with the basic concept of placing importance on the preferences of residents and users. Products include everything frombuilding construction materials such as curtain walls, to window sashes, front doors, and other housing materials as well as gates, fences, and other exterior products. Also, Shin Nikkei is developing products adapted to wide-ranging user needs for energy conservation, environmental coexistence, universal design, and security enhancement.

Consolidated Net Sales



Consolidated Operating profit



Applications

• Principal Products

Building

- Commercial building materials
- Building materials and for fixtures for houses
- Exterior products

Overview of results for fiscal 2005

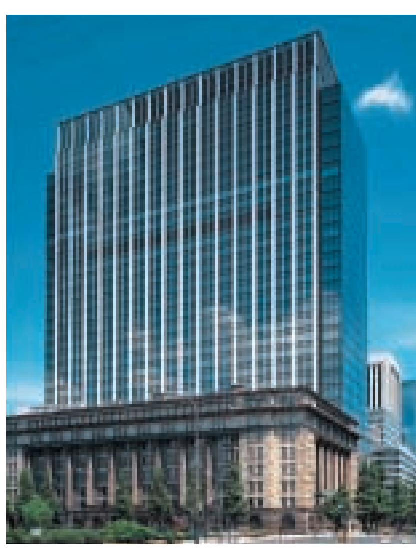
In the housing construction materials sector, new housing starts increased by 4.7% year on year to 1,248 thousand units owing to solid demand for rental houses and condominiums. However, starts of detached houses, the central component of demand, fell due to a decrease in the number of owner-occupied houses and a peak in sales of detached houses. In this business environment, Shin Nikkei worked to reinforce and increase sales of differentiated products, implementing a complete model change in its core sash products involving the launch of Alupla Clus and Alits next-generation sashes that combine basic performance with higher added value and extending the popular CB Series and Shin Nikkei Disney Series lines of products manufactured using proprietary surface treatment technology.

Business conditions were harsh in the commercial building construction materials sector as demand for sashes slumped despite a year-on-year increase in the floor area of building construction started in the non-wood construction sector. In these circumstances, Shin Nikkei concentrated on increasing sales by introducing products adapted to market needs in its various business sectors; it launched next-generation RMG-70 sashes, a new core product line that offers improved design and functionality, and augmented its line of anticrime and refurbishment products, for which demand is expected to increase.

At the same time, Shin Nikkei continued to improve profitability by implementing a number of group-wide, cross-organizational projects to improve quality and delivery times and rigorously cut overheads. Although Shin Nikkei concentrated on establishing a profit base by commencing a review of its core business systems, the impact of worsening conditions in the building materials market and spikes in materials prices resulted in the continuation of adverse business conditions.

As a result of these developments, sales in the Building Materials segment decreased by ¥3,862 million year on year to ¥170,848 million, and an operating loss of ¥163 million was recorded following an operating profit of ¥4,068 million for the previous term.

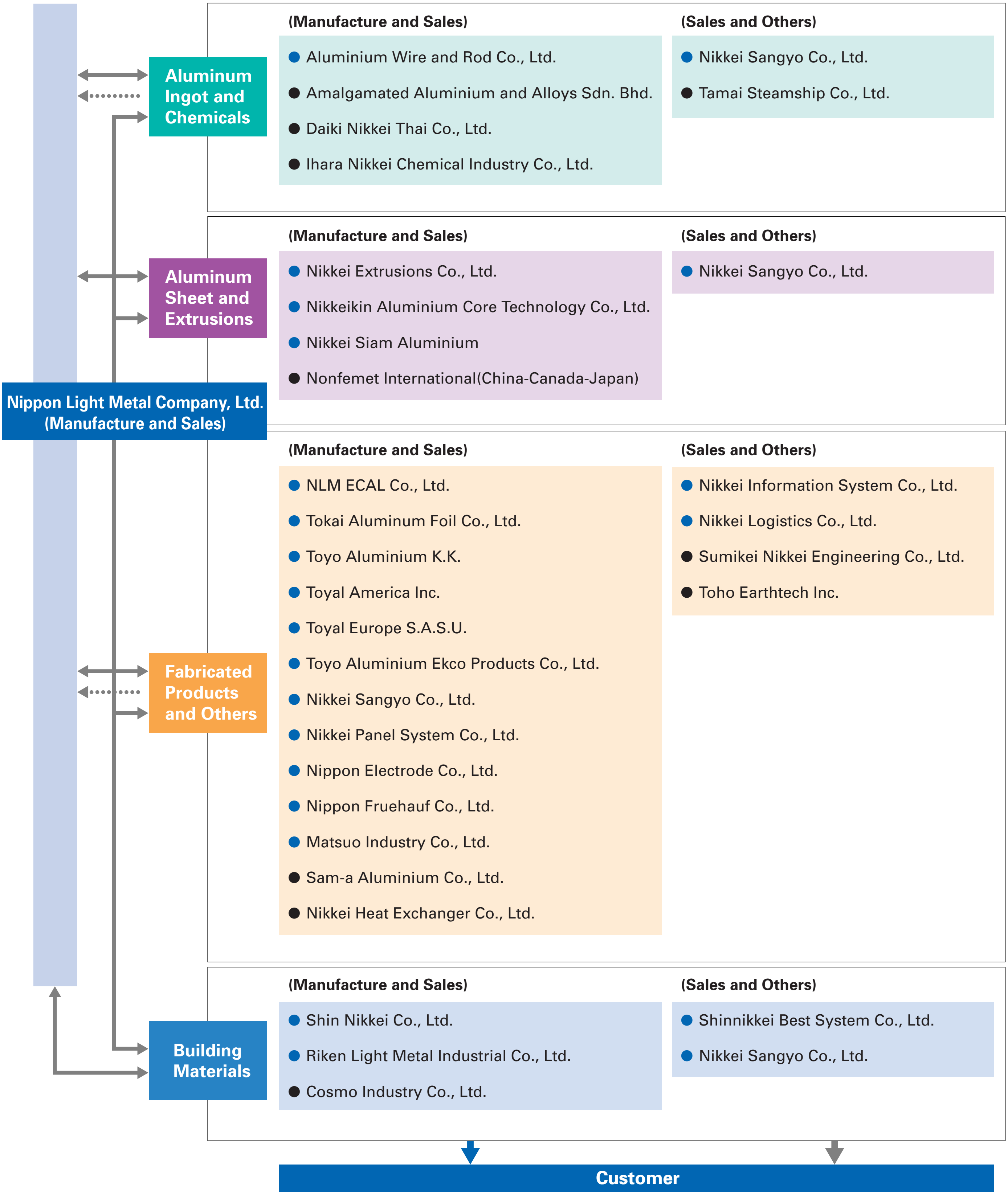
"Fine Port Wide R" (carport)



Meiji Yasuda Life Bld.

NLM GROUP

Nippon Light Metal Group consists of 114 subsidiaries and 51 associates,
The Group's major operations and the business relations between the Company, major consolidated subsidiaries and associates accounted for by the equity method are shown in the diagram below.



● Consolidated subsidiaries···········108companys
● Associates accounted for by the equity method···23companys

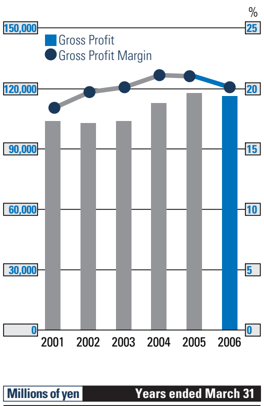
Flow of products and raw materials
Flow of services

(As of March 31, 2006)

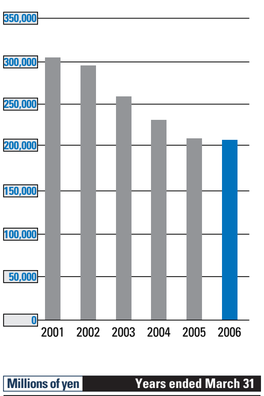
CONSOLIDATED SIX-YEAR SUMMARY

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

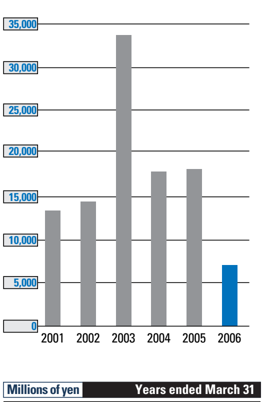
Gross Profit and Gross Profit Margin



Interest-bearing Debt



Free Cash Flows

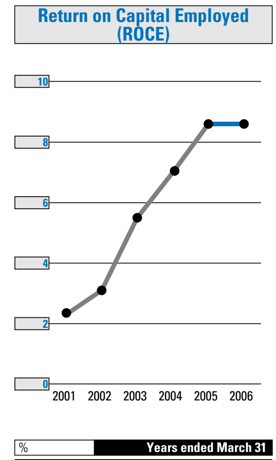


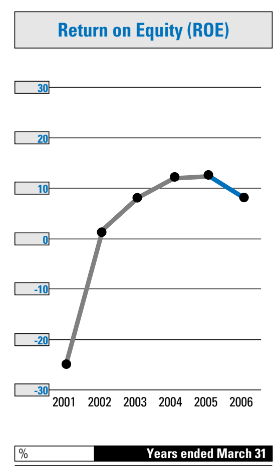
	Millions of yen	
	2001	2002
Financial Results		
Net Sales	¥565,223	¥521,861
Gross Profit Margin (%)	18.4	19.7
Operating Profit	12,205	11,723
Ordinary Profit	2,906	4,805
Net Income (Loss)	(21,905)	1,518
Segment Information		
Net Sales:		
Aluminum Ingot and Chemicals	91,172	84,775
Aluminum Sheet and Extrusions	69,006	54,239
Fabricated Products and Others	225,763	207,652
Building Materials	179,282	175,195
Total	565,223	521,861
Operating Profit (Loss):		
Aluminum Ingot and Chemicals	8,523	5,589
Aluminum Sheet and Extrusions	1,379	(620)
Fabricated Products and Others	10,811	9,524
Building Materials	(5,285)	328
Corporate or Elimination	(3,223)	(3,098)
Total	12,205	11,723
Financial Position		
Current Assets	331,378	305,813
Fixed Assets	268,995	258,474
Current Liabilities	332,866	334,732
Long-term Liabilities	181,808	141,870
Minority Interest in Consolidated Subsidiaries	4,221	4,371
Shareholders' Equity	81,478	83,314
Interest-bearing Debt (Note 2)	304,569	295,255
Cash Flows		
Cash Flows from Operating Activities	22,698	26,685
Depreciation and Amortization	19,368	18,542
Cash Flows from Investing Activities	(9,320)	(12,250)
Capital Expenditures	17,662	14,947
Cash Flows from Financing Activities	(14,288)	(9,416)
Per Share Data (yen and dollars)		
Net Income(loss) - basic	¥ (41.22)	¥ 2.79
- diluted	—	—
Shareholders' Equity	149.96	153.36
Cash Dividends	—	1.5
Indices		
Return on Capital Employed (ROCE) (%)	2.3	3.1
Return on Equity (ROE) (%)	(24.1)	1.8
Equity Ratio (%)	13.6	14.8
Others		
Number of Shares Outstanding (thousands)	543,350	543,350
R&D Expenditures	¥ 4,703	¥ 4,686
Number of Employees	12,931	12,705

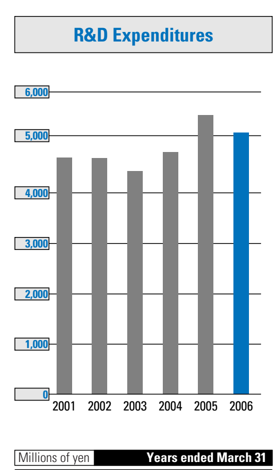
Note1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥117.47 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Note2: Interest-bearing Debt = Long-term debt and Short-term borrowings, excluding capital lease obligations + Notes discounted + Notes endorsed

	Millions of yen				Thousands of U.S. dollars (Note1)
	2003	2004	2005	**2006**	**2006**
	¥514,042	¥532,201	¥560,284	**¥577,061**	**$4,912,412**
	20.1	21.1	21.0	**20.1**	**20.1**
	20,086	26,355	30,560	**28,923**	**246,216**
	12,325	16,092	21,857	**22,353**	**190,287**
	7,116	11,525	13,488	**9,684**	**82,438**
	81,495	82,851	92,948	**97,077**	**826,398**
	58,374	64,860	72,824	**70,714**	**601,975**
	204,171	215,461	219,802	**238,422**	**2,029,642**
	170,002	169,029	174,710	**170,848**	**1,454,397**
	514,042	532,201	560,284	**577,061**	**4,912,412**
	4,946	4,727	8,866	**9,640**	**82,063**
	1,027	3,667	5,785	**6,435**	**54,780**
	11,069	14,071	14,883	**15,848**	**134,911**
	5,875	6,687	4,068	**(163)**	**(1,387)**
	(2,831)	(2,797)	(3,042)	**(2,837)**	**(24,151)**
	20,086	26,355	30,560	**28,923**	**246,216**
	287,083	290,625	285,252	**294,331**	**2,505,584**
	238,678	229,960	229,529	**239,195**	**2,036,222**
	294,637	291,799	266,212	**281,505**	**2,396,399**
	138,623	122,593	129,237	**122,033**	**1,038,844**
	3,155	3,735	4,050	**3,994**	**34,000**
	89,346	102,458	115,282	**125,994**	**1,072,563**
	258,831	231,807	210,368	**208,817**	**1,777,620**
	33,507	23,448	32,345	**26,779**	**227,965**
	17,128	16,504	16,591	**17,315**	**147,399**
	224	(5,556)	(14,131)	**(19,724)**	**(167,907)**
	13,501	17,516	16,973	**19,819**	**168,715**
	(36,504)	(27,703)	(22,702)	**(9,862)**	**(83,953)**
	¥ 13.34	¥ 21.24	¥ 24.78	**¥ 17.79**	**$ 0.15**
	—	—	23.83	**16.89**	**0.14**
	167.01	188.84	212.63	**232.54**	**1.98**
	2.0	2.5	3.5	**4.0**	**0.03**
	5.5	7.0	8.6	**8.6**	**8.6**
	8.2	12.0	12.4	**8.0**	**8.0**
	17.0	19.7	22.4	**23.6**	**23.6**
	543,350	543,350	543,350	**543,350**	**543,350**
	¥ 4,427	¥ 4,804	¥ 5,538	**¥ 5,133**	**$ 43,696**
	12,328	12,598	12,927	**13,492**	**13,492**







Overview

During fiscal 2005 (the year ended March 31, 2006), the Japanese economy performed well overall. However, inventory adjustment in IT-related industry and increases in prices of oil and materials heightened concerns as to prospects for the Japanese economy.

In the aluminum industry in Japan, although the business was relatively robust, there was a decrease in sales volumes in certain sectors, namely, the construction, IT-related and food sectors. Since prices in the global aluminum ingot market surged from the autumn of 2005 while the prices of other raw materials and secondary materials remained high and the price of crude oil increased sharply, aluminum manufacturers in Japan whose mainstay business is processing experienced a challenging business environment.

Earnings and Expenses

In these circumstances, consolidated net sales of the NLM Group increased 3.0% year on year to ¥577.1 billion ($4,912 million) due to strong demand from the automotive and transport sectors and as a result of inclusion of Tokai Aluminum Foil Co., Ltd. in the scope of consolidation. Please refer to the Review of Operations (Pages 11 to 15) for an overview of the results of operations.

The cost of sales increased 4.2% from the previous fiscal year to ¥461.0 billion ($3,924 million) and the cost of sales ratio increased 0.9 percentage points to 79.9%. Selling, general and administrative expenses were unchanged from the previous fiscal year at ¥87.2 billion ($742 million). As a result, operating profit declined 5.4% to ¥28.9 billion ($246 million).

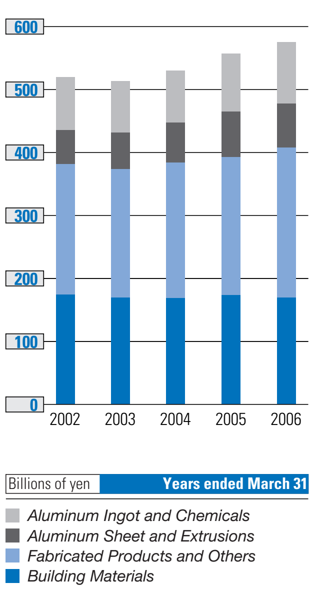
Non-operating income increased 2.5% to ¥3.2 billion ($27 million). This was mainly due to an increase in foreign currency exchange gains. Non-operating expenses decreased 17.4% to ¥9.7 billion ($83 million), mainly owing to a ¥0.8 billion decrease in interest expense and a ¥1.3 billion decrease in loss on disposal of inventories and fixed assets included in "Other" of non-operating expenses. As a result, ordinary profit increased 2.3% to ¥22.4 billion ($190 million).

Special gains decreased from ¥1.1 billion for the previous fiscal year to ¥0.3 billion ($3 million). This was attributable to the fact that, whereas a gain on sale of investment securities amounting to ¥0.8 billion was reported for the previous fiscal year, no gains on sale were reported for the fiscal year under review.

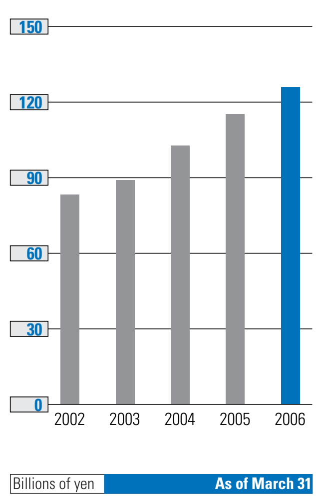
Special losses decreased from ¥3.4 billion for the previous fiscal year to ¥3.0 billion ($26 million), which included a ¥2.0 billion ($17 million) loss on impairment of FLEXCASTER™ aluminum sheet continuous casting facilities, which have not yet contributed to profits, and reporting of a charges on sale of aluminum foil amounting to ¥1.1 billion ($9 million) in accordance with the Japan Fair Trade Commission's decision on the Company's aluminum foil manufacturing subsidiary.

The total amount of current income taxes increased ¥1.1 billion from the previous fiscal year to ¥8.6 billion ($73

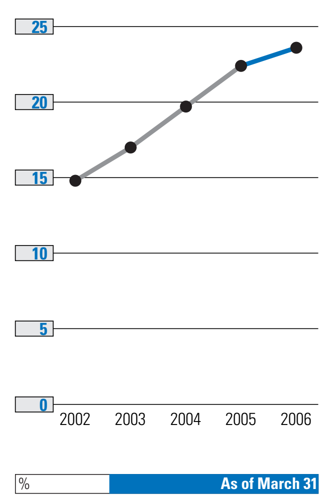
Net Sales By Segment



Total Shareholders' Equity



Equity Ratio



million), due mainly to the fact that the Company's deficit carried forward concerning corporate taxes was eliminated in the previous fiscal year.

Deferred income taxes for the fiscal year under review amounting to ¥0.9 billion ($8.0 million), which were charged to income, were mainly attributable to reversal of deferred tax assets because the deficit carried forward concerning local taxes was appropriated, whereas deferred income taxes for the previous fiscal year were ¥20.4 billion, which were credited to income, due to the reporting of deferred tax assets by recognizing tax effects because of rescheduling of temporary differences concerning investments in certain consolidated subsidiaries.

Consequently, consolidated net income decreased 28.2% from the previous fiscal year to ¥9.7 billion ($82 million). The average number of shares outstanding during the fiscal year decreased from 542,106,572 shares in fiscal 2004 to 541,742,151 shares in fiscal 2005. As a result, basic net income per share of common stock was ¥17.79 ($0.15), 28.2% lower than for the previous fiscal year. Payment of cash dividends of ¥4.0 per share of common stock, ¥0.5 higher than for the previous fiscal year, was approved by the resolution of the ordinary general meeting of shareholders of the Company held on June 29, 2006.

Assets, Liabilities and Shareholders' Equity

Total assets increased 3.6% from the end of the previous fiscal year to ¥533.5 billion ($4,542 million). Although cash and deposits decreased, the inclusion of Tokai Aluminum Foil within the scope of consolidation from the fiscal year under review resulted in the increase in total assets.

Total liabilities increased 2.0% from the end of the previous fiscal year to ¥403.5 billion ($3,435 million), mainly due to the inclusion of Tokai Aluminum Foil within the scope of consolidation from the fiscal year under review. Interest-bearing debt decreased ¥1.6 billion from the previous fiscal year to ¥208.8 billion.

Minority interests in consolidated subsidiaries amounted to ¥4.0 billion ($34 million), 1.4% lower than at the end of the previous fiscal year. Shareholders' equity rose 9.3% to ¥126.0 billion ($1,073 million), due to an increase in retained earnings as a result of the higher net income. Shareholders' equity per share of common stock was ¥232.54 ($1.98), an increase of 9.4%. The equity ratio was 23.6%, an increase of 1.2 percentage points.

Cash Flows

Cash and cash equivalents at March 31, 2006, were ¥27.7 billion ($236 million), ¥2.6 billion or 8.7% lower than at the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥26.8 billion ($228 million), ¥5.6 billion or 17.2% lower. This decrease was attributable to increases in income taxes paid and other payments.

Net cash used for investing activities amounted to ¥19.7 billion ($168 million), having increased ¥5.6 billion or 39.6% compared with the previous fiscal year. This was mainly owing to an increase in payments for purchase of fixed assets.

Net cash used for financing activities was ¥9.9 billion ($84 million), having decreased ¥12.8 billion or 56.6%. This decrease was mainly attributable to decreases in short-term borrowings and long-term debt amounting to ¥13.2 billion.

Outlook for Fiscal 2006

The outlook for the Japanese economy remains uncertain as sharp increases in prices of crude oil and materials and monetary tightening may impede economic growth. Although the aluminum industry is expected to experience strong demand in fiscal 2006, sharp increases in prices for aluminum ingot, the principle raw material for NLM's businesses, for raw materials and fuel, as well as for other materials, may have an adverse impact on profits. In these circumstances, the NLM Group will endeavor to thoroughly implement a battery of streamlining measures and to develop and increase sales of new products. Since fiscal 2006 is the final year of the current five-year mid-term management plan, the NLM Group is formulating a new mid-term management plan, which will be announced during fiscal 2006.

Strengthening of profitability of the building materials business will be the principal task addressed in the new plan. In particular, in addition to drastic management reform of Shin Nikkei, including strengthening of capabilities to respond to customer needs and reinforcement and rigorous implementation of strategy, directing Shin Nikkei's management resources to high-added-value sectors other than the building materials business is being considered within the framework of the NLM Group strategy.

For fiscal 2006, the Company forecasts net sales of ¥600 billion, ordinary profit of ¥22 billion and net income of ¥12 billion on a consolidated basis. Net income per share of common stock is expected to be ¥22.15. Year-end cash dividends are expected to be ¥5.0 per share of common stock, ¥1.0 higher than for fiscal 2005.

CONSOLIDATED BALANCE SHEETS

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
As of March 31, 2005 and 2006

ASSETS	Millions of yen 2005	Millions of yen 2006	Thousands of U.S. dollars (Note 2) 2006
Current assets:			
Cash and deposits (Notes 3 and 6)	¥ 30,800	¥ 28,122	$ 239,397
Notes and accounts receivable—trade	171,743	172,100	1,465,055
Inventories (Note 4)	69,769	76,020	647,144
Deferred tax assets (Note 8)	5,257	5,057	43,049
Other current assets (Note 3)	10,469	15,315	130,374
Allowance for doubtful accounts	(2,786)	(2,283)	(19,435)
Total current assets	285,252	294,331	2,505,584
Fixed assets:			
Property, plant and equipment (Note 6)—			
Buildings and structures	137,443	142,457	1,212,710
Machinery and equipment	278,138	294,964	2,510,973
Land	62,369	64,890	552,396
Construction-in-progress	3,424	3,829	32,596
Accumulated depreciation	(301,760)	(321,135)	(2,733,762)
	179,614	185,005	1,574,913
Intangible assets—			
Goodwill	—	948	8,070
Other intangible assets	3,895	4,313	36,716
	3,895	5,261	44,786
Investments and other assets—			
Investment securities (Notes 5 and 6)	30,703	35,346	300,894
Deferred tax assets (Note 8)	7,956	6,156	52,405
Other assets	10,233	10,047	85,528
Allowance for doubtful accounts	(2,872)	(2,620)	(22,304)
	46,020	48,929	416,523
Total fixed assets	229,529	239,195	2,036,222
Total assets	¥ 514,781	¥533,526	$4,541,806

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

LIABILITIES, MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2006	2006
Current liabilities:			
Short-term borrowings (Note 6)	¥ 81,542	¥ 82,512	$ 702,409
Current portion of long-term debt (Note 6)	31,009	41,140	350,217
Notes and accounts payable—trade	107,354	112,362	956,516
Income taxes payable	6,008	5,596	47,638
Other current liabilities	40,299	39,895	339,619
Total current liabilities	266,212	281,505	2,396,399
Long-term liabilities:			
Long-term debt (Note 6)	96,491	84,166	716,489
Accrued pension and severance costs—			
for employees (Note 7)	25,638	27,829	236,903
for directors and statutory auditors	1,445	1,186	10,096
Deferred tax liabilities for land revaluation surplus (Notes 8 and 10)	—	522	4,444
Negative goodwill	288	—	—
Other long-term liabilities (Note 8)	5,375	8,330	70,912
Total long-term liabilities	129,237	122,033	1,038,844
Minority interest in consolidated subsidiaries	4,050	3,994	34,000
Shareholders' equity:			
Common stock—			
Authorized: 1,600,000,000 shares			
Issued: 543,350,370 shares	39,085	39,085	332,723
Additional paid-in capital	24,569	24,569	209,151
Retained earnings (Note 9)	48,651	56,385	479,995
Revaluation surplus (Note 10)	145	145	1,234
Net unrealized gains on securities (Note 5)	3,017	5,629	47,919
Foreign currency translation adjustments	52	501	4,265
Treasury stock, at cost (1,436,424 shares in 2005 and 1,723,444 shares in 2006)	(237)	(320)	(2,724)
Total shareholders' equity	115,282	125,994	1,072,563
Contingent liabilities (Note 14)			
Total liabilities, minority interest in consolidated subsidiaries and shareholders' equity	¥ 514,781	¥533,526	$4,541,806

CONSOLIDATED STATEMENTS OF INCOME

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2005 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2006	2006
Net sales	¥ 560,284	¥577,061	$4,912,412
Cost of sales (Note 13)	442,543	460,983	3,924,262
Gross profit	117,741	116,078	988,150
Selling, general and administrative expenses (Note 13)	87,181	87,155	741,934
Operating profit	30,560	28,923	246,216
Non-operating income:			
Interest income	73	87	741
Amortization of negative goodwill	192	—	—
Rental income	887	792	6,742
Royalty income	393	395	3,363
Foreign exchange gain, net	23	374	3,184
Other	1,526	1,522	12,956
Total non-operating income	3,094	3,170	26,986
Non-operating expenses:			
Interest expense	4,335	3,554	30,255
Equity in losses of associates	365	241	2,052
Amortization of transition obligation for employees retirement benefits (Note 7)	2,086	2,132	18,149
Other	5,011	3,813	32,459
Total non-operating expenses	11,797	9,740	82,915
Ordinary profit	21,857	22,353	190,287
Special gains:			
Gain on sale of fixed assets	269	298	2,537
Gain on sale of investment securities (Note 5)	813	—	—
Total special gains	1,082	298	2,537
Special losses:			
Loss on impairment of fixed assets	2,160	1,964	16,719
Charges on sale of aluminum foil (Note 16)	—	1,069	9,101
Loss on liquidation of business	1,200	—	—
Total special losses	3,360	3,033	25,820
Income before income taxes and minority interest in consolidated subsidiaries	19,579	19,618	167,004
Income taxes (Note 8)—current	7,500	8,589	73,117
—deferred	(2,042)	939	7,993
	5,458	9,528	81,110
Minority interest in net income of consolidated subsidiaries	633	406	3,456
Net income	¥ 13,488	¥ 9,684	$ 82,438

Per share of common stock (Note 15):	Yen		U.S. dollars (Note 2)
Net income —basic	¥ 24.78	¥ 17.79	$ 0.15
—diluted	23.83	16.89	0.14
Cash dividends	¥ 3.50	¥ 4.00	$ 0.03

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2005 and 2006

		Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Revaluation surplus	Net unrealized gains on securities	Foreign currency translation adjustments	Treasury stock, at cost
Balance at March 31, 2004:	543,350,370	¥39,085	¥24,569	¥36,097	¥508	¥2,621	(¥289)	(¥133)
Net income				13,488				
Cash dividends				(1,356)				
Directors' and statutory auditors' bonuses				(45)				
Transfer of revaluation gain on land of an associate				363	(363)			
Net unrealized gains on securities (Note 5)						396		
Foreign currency translation adjustments							341	
Net decrease in treasury stock								(104)
Change in functional currency by a foreign subsidiary of an associate				70				
Inclusion in consolidation due to the merger with an unconsolidated subsidiary				34				
Balance at March 31, 2005:	543,350,370	39,085	24,569	48,651	145	3,017	52	(237)
Net income				9,684				
Cash dividends				(1,897)				
Directors' and statutory auditors' bonuses				(53)				
Net unrealized gains on securities (Note 5)						2,612		
Foreign currency translation adjustments							449	
Net decrease in treasury stock								(83)
Balance at March 31, 2006	**543,350,370**	**¥39,085**	**¥24,569**	**¥56,385**	**¥145**	**¥5,629**	**¥501**	**(¥320)**

		Thousands of U.S. dollars (Note 2)						
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Revaluation surplus	Net unrealized gains on securities	Foreign currency translation adjustments	Treasury stock, at cost
Balance at March 31, 2005:	543,350,370	$332,723	$209,151	$414,157	$1,234	$25,683	$ 443	($2,017)
Net income				82,438				
Cash dividends				(16,149)				
Directors' and statutory auditors' bonuses				(451)				
Net unrealized gains on securities (Note 5)						22,236		
Foreign currency translation adjustments							3,822	
Net decrease in treasury stock								(707)
Balance at March 31, 2006	**543,350,370**	**$332,723**	**$209,151**	**$479,995**	**$1,234**	**$47,919**	**$4,265**	**($2,724)**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2005 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2006	2006
Cash flows from operating activities:			
Income before income taxes and minority interest in consolidated subsidiaries	¥ 19,579	¥ 19,618	$167,004
Depreciation and amortization	16,591	17,315	147,399
Amortization of negative goodwill	(192)	—	—
Loss on impairment of fixed assets	2,160	1,964	16,719
Charges on sale of aluminum foil (Note 16)	—	1,069	9,100
Loss on liquidation of business	1,200	—	—
Gain on sale of fixed assets, net	(269)	(298)	(2,537)
Gain on sale of investment securities	(813)	—	—
Increase in accrued pension and severance costs	591	1,197	10,190
Interest and dividend income	(274)	(318)	(2,707)
Interest expense	4,335	3,554	30,255
Equity in losses of associates	365	241	2,052
(Increase) decrease in notes and accounts receivable—trade	(8,253)	2,965	25,241
Increase in inventories	(501)	(6,967)	(59,309)
Increase in notes and accounts payable—trade	3,867	580	4,938
Other	3,370	(2,398)	(20,414)
Sub total	41,756	38,522	327,931
Interest and dividend income received	499	437	3,720
Interest paid	(4,471)	(3,629)	(30,893)
Income taxes paid	(5,439)	(8,551)	(72,793)
Net cash provided by operating activities	32,345	26,779	227,965
Cash flows from investing activities:			
Decrease in time deposits	337	137	1,166
Payments for purchase of investment securities	(345)	(274)	(2,333)
Proceeds from sale of investment securities	1,071	176	1,498
Payments for purchase of fixed assets	(14,920)	(18,252)	(155,376)
Proceeds from sale of fixed assets	461	306	2,605
Decrease in long-term loans receivable	74	44	375
Cash recieved from acquisitions, net of acquisitions costs (Note 3)	—	876	7,457
Decrease for the exclusion of a consolidated subsidiary from the consolidation because of the sale of the subsidiary	—	(367)	(3,124)
Other	(809)	(2,370)	(20,175)
Net cash used in investing activities	(14,131)	(19,724)	(167,907)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	(15,094)	198	1,686
Proceeds from long-term debt	41,964	24,463	208,249
Repayment of long-term debt	(47,418)	(32,027)	(272,640)
Cash dividends paid by the Company	(1,355)	(1,893)	(16,115)
Cash dividends paid to minority interest	(358)	(342)	(2,911)
Other	(441)	(261)	(2,222)
Net cash used in financing activities	(22,702)	(9,862)	(83,953)
Effect of exchange rate changes on cash and cash equivalents	12	170	1,447
Net decrease in cash and cash equivalents	(4,476)	(2,637)	(22,448)
Cash and cash equivalents at beginning of year	34,781	30,333	258,219
Increase in cash and cash equivalents due to the merger with an unconsolidated subsidiary	28	—	—
Cash and cash equivalents at end of year (Note 3)	¥ 30,333	¥ 27,696	$235,771

The accompanying notes are an integral part of these financial 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 and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The notes to the consolidated financial statements include financial information which is not required under accounting principles and practices generally accepted in Japan, but is presented herein as additional information. In addition, the consolidated statements of shareholders' equity are not required in Japan, but are also presented herein as additional information. The accompanying consolidated financial statements include certain reclassifications and modifications for the purpose of presenting them in a form more familiar to readers outside Japan.

(b) Consolidation and investments in associates —

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

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

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

(c) Translation of foreign currencies —

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

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

(d) Cash and cash equivalents —

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

(e) Inventories —

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

(f) Financial instruments —

i) Derivatives:

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

ii) Securities:

Securities held by the Companies are classified into 'trading securities', 'held-to-maturity debt securities', 'investment in equity securities issued by unconsolidated subsidiaries and associates' and 'Available for sale securities'.

'Trading securities' are stated at fair value, as of the end of the fiscal year, with changes in fair value included in net gains or losses for the fiscal year. In accordance with their policy, the Companies have no 'trading securities'.

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

'Investment in equity securities issued by unconsolidated subsidiaries and associates' are accounted for using the equity method, except for investments in certain unconsolidated subsidiaries and associates which are stated at cost because the effect of applying the equity method would be immaterial.

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

'Available for sale securities' for which market quotations are not available are stated at cost, except as stated in the paragraph below.

In cases where the fair value of 'held-to-maturity debt securities', 'investment in equity securities issued by unconsolidated subsidiaries and associates', or 'available for sale securities' has declined significantly and such impairment is other than temporary, such securities are written down to fair value and the resulting losses are charged to income for the fiscal year.

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

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

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

(g) Allowance for doubtful accounts —
Allowance for doubtful accounts is estimated by applying the average percentage of actual bad debts in the past to the balance of receivables. In addition, an amount deemed necessary to cover non-collectible receivables is provided on an individual account basis.

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

(i) Impairment of fixed assets —
The Company and its domestic subsidiaries adopted the accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003) for the consolidated financial statements from the fiscal year ended March 31, 2005. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group exceeds the sum of undiscounted future cash flows expected to result from the continued use and eventual disposal of the asset or asset group. An impairment loss is recognized in the income statement as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of net selling price at disposal or the discounted cash flows from the continued use and eventual disposal of the asset. In addition, accumulated impairment losses are deducted directly from the related fixed assets.

The Companies mainly recognized an impairment loss of ¥2,053 million on land and of ¥1,715 million ($14,599 thousand) on leased assets for the fiscal years ended March 31, 2005 and 2006, respectively.

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

"Accrued pension and severance costs for directors and statutory auditors" represent the estimated amount to be paid if all directors and statutory auditors of certain consolidated subsidiaries retired at the balance sheet date, based on their internal retirement rules.

The Company's retirement benefit plan for directors and statutory auditors was abolished upon the closure of the ordinary general meeting of shareholders held on June 29, 2005. Accordingly, the amount of accrued retirement benefit to directors and statutory auditors, which was calculated based on the Company's internal rules for their service up to that point and approved by the shareholders at the meeting, is included in "Other long-term liabilities" on the consolidated balance sheets from the fiscal year ended March 31, 2006.

(k) Lease transactions —
Under Japanese accounting practices, finance leases without an option to transfer ownership of the leased assets to the lessee may be accounted for as operating leases subject to appropriate footnote disclosure. Therefore, the Companies charge or credit periodic lease payments and receipts related to finance leases to income as incurred.

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

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

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

(n) Appropriation of retained earnings —
Appropriation of retained earnings is reflected in the consolidated financial statements for the fiscal year in which the appropriation is approved at the ordinary general meeting of shareholders.

The Company's retained earnings consist of unappropriated retained earnings and legal reserves required by the Corporation Law of Japan. The retained earnings accumulated by the Company are initially recorded as unappropriated retained earnings and later transferred to legal reserve upon approval at the shareholders' meeting.

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

(o) Net income and dividends per share —
Basic net income per share of common stock, shown in the consolidated statements of income, is computed based on the weighted average number of shares outstanding during the respective fiscal year.

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

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

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

2. U.S. DOLLAR AMOUNTS:
The rate of ¥117.47 = U.S.$1, the approximate current rate prevailing on March 31, 2006, has been used for the purpose of presentation of the U.S. dollar amounts in the consolidated financial statements. These amounts are included solely for the convenience of the reader and are not computed in accordance with generally accepted translation procedures. Accordingly, they should not be construed as representations that the yen amounts actually represent, or have been or could be readily converted, realized or settled in U.S. dollars at that rate.

3. CASH AND CASH EQUIVALENTS:
Reconciliation of "cash and cash equivalents" on the consolidated statements of cash flows to the accounts disclosed on the consolidated balance sheets at March 31, 2005 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Cash and deposits	¥30,800	**¥28,122**	**$239,397**
Time deposits with maturity in excess of 3 months	(567)	**(426)**	**(3,626)**
Cash equivalents included in "Other current assets"	100	**—**	**—**
Cash and cash equivalents	¥30,333	**¥27,696**	**$235,771**

For the fiscal year ended March 31 2006, the Company acquired a share of Tokai Aluminum Foil Co., Ltd., and this then became one of the Company's newly consolidated subsidiaries. At the time of acquisition, the assets and liabilities and the net cash and cash equivalents acquired, less cash payments for acquisition were as follows:

	Millions of yen	Thousands of U.S. dollars
	2006	2006
The assets and liabilities of Tokai Aluminum Foil Group at the time of acquisition (May 1, 2005)		
Current assets	¥8,369	$71,244
Fixed assets	4,579	38,980
Goodwill	1,280	10,896
Current liabilities	(6,125)	(52,141)
Long-term liabilities	(7,057)	(60,075)
Minority interest in consolidated subsidiaries	(4)	(34)
Subtotal	1,042	8,870
Carrying amount (negative amount) of the investment in Tokai Aluminum Foil Group accounted for by the equity method before acquisition	258	2,197
Acquisition cost	¥1,300	$11,067
Cash and cash equivalents held by Tokai Aluminum Foil Group	¥2,176	$18,524
Net cash and cash equivalents acquired, less cash payment for acquisition	¥ 876	$ 7,457

4. INVENTORIES:

Inventories at March 31, 2005 and 2006 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Finished products	¥24,381	¥27,359	$232,902
Work-in-process, including costs related to construction-type contracts	33,096	33,703	286,907
Raw materials and supplies	12,292	14,958	127,335
	¥69,769	¥76,020	$647,144

5. INVESTMENT SECURITIES:

(a) 'Available for sale securities' with available market quotations —

The aggregate cost, carrying amount and gross unrealized gains and losses of 'available for sale securities' comprising equity securities with available market quotations at March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Cost	¥3,703	¥ 3,924	$ 33,404
Unrealized gains	5,127	9,381	79,859
Unrealized losses	(15)	(18)	(153)
Carrying amount	¥8,815	¥13,287	$113,110

(b) Sale of 'Available for sale securities' —

The realized gains and losses on sale of 'available for sale securities' during the fiscal years ended March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Proceeds on sale	¥1,071	¥176	$1,498
Realized gains on sale	813	79	673
Realized losses on sale	—	6	51

(c) 'Held-to-maturity securities' and 'Available for sale securities' without available market quotations —

The carrying amounts of 'held-to-maturity securities' and 'available for sale securities' without available market quotations at March 31, 2005 and 2006, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
(1) 'Held-to-maturity securities':			
Domestic debt securities privately offered	¥ 117	¥ 105	$ 894
(2) 'Available for sale securities':			
Equity investments in non-public companies	11,505	11,217	95,488
Other	72	81	690
	¥11,694	¥11,403	$97,072

(d) Maturity of debt securities —

The repayment schedules for debt securities at March 31, 2005 and 2006 are as follows:

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

	Millions of yen			
	2006			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after ten years
Debt securities:				
Government and municipal bonds	¥12	¥48	¥25	¥10
Corporate debt securities	10	—	—	—
Other	—	25	—	—
	¥22	¥73	¥25	¥10

	Thousands of U.S. dollars			
	2006			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after ten years
Debt securities:				
Government and municipal bonds	$102	$408	$213	$85
Corporate debt securities	85	—	—	—
Other	—	213	—	—
	$187	$621	$213	$85

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

"Short-term borrowings" at March 31, 2006 bear interest at annual rates ranging from 0.528% to 3.850% and mainly consist of bank loans or short-term notes maturing at various dates within one year.

"Long-term debt" at March 31 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Loans, principally from banks and insurance companies due from 2005 to 2014 with interest rates ranging from 1.100% to 5.600%:			
Secured	¥ 88,506	¥ —	$ —
Unsecured	18,367	—	—
Loans, principally from banks and insurance companies due from 2006 to 2016 with interest rates ranging from 0.800% to 7.920%:			
Secured	—	73,178	622,951
Unsecured	—	31,454	267,762
Secured 1.25% bonds due July 20, 2006, redeemable before due date	9,000	9,000	76,615
Unsecured 3.06% bonds due June 1, 2007, redeemable before due date	644	705	6,001
Zero coupon convertible bonds due September 30, 2009 *1	10,000	10,000	85,128
Capital lease obligations due from 2005 to 2029 with interest rates ranging from 6.900% to 7.200%	983	—	—
Capital lease obligations due from 2006 to 2029 with interest rates ranging from 6.500% to 7.200%	—	969	8,249
	127,500	125,306	1,066,706
Less: portion due within one year	(31,009)	(41,140)	(350,217)
Total long-term debt	¥ 96,491	¥ 84,166	$ 716,489

*1 *The details of the zero coupon convertible bonds are as follows:*

Stock type to be issued:	common stock
Issuance price of the stock acquisition right:	none
Initial exercise price:	¥350 per share
Total issue price:	¥10,050 million
Exercise period of stock acquisition right:	from August 9, 2004 to September 16, 2009

A summary of assets pledged as collateral for "Short-term borrowings" and "Long-term debt" at March 31, 2006 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits	¥ 60	$ 511
Property, plant and equipment	104,968	893,573
Investment securities	325	2,767

The aggregate annual maturities of "Long-term debt" beyond March 31, 2006 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2007	¥ 41,140	$ 350,217
2008	22,932	195,216
2009	19,025	161,956
2010	26,918	229,148
2011	6,580	56,014
Thereafter	8,711	74,155
	¥125,306	$1,066,706

7. RETIREMENT BENEFIT PLANS:

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

Accrued pension and severance costs at March 31, 2005 and 2006 are analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Projected benefit obligation	(¥64,995)	**(¥66,856)**	**($569,133)**
Fair value of plan assets	21,705	**26,198**	**223,019**
	(43,290)	**(40,658)**	**(346,114)**
Unrecognized transition amount	14,597	**12,822**	**109,151**
Unrecognized actuarial differences	3,055	**7**	**60**
Accrued pension and severance cost	(¥25,638)	**(¥27,829)**	**($236,903)**

The net pension costs related to retirement benefits for the fiscal years ended March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Service cost	¥3,390	**¥3,706**	**$31,549**
Interest cost	1,384	**1,363**	**11,603**
Expected return on plan assets	(410)	**(466)**	**(3,967)**
Amortization of transition amount	2,086	**2,132**	**18,149**
Amortization of unrecognized actuarial differences	441	**441**	**3,754**
Net pension and severance costs	¥6,891	**¥7,176**	**$61,088**

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

	2005	**2006**
Discount rate	2.5%	**2.5%**
Expected rate of return on plan assets	Mainly 2.5%	**Mainly 2.5%**
Method of attributing the projected benefits to periods of employee service	Straight-line basis	**Straight-line basis**
Amortization of unrecognized actuarial differences	Mainly 12 years	**Mainly 12 years**
Amortization of transition amount	12 years	**12 years**

8. INCOME TAXES:

The Company and its domestic subsidiaries are subject to a number of different taxes based on income which, in aggregate, indicate a statutory income tax rate of approximately 40.7% for the fiscal years ended March 31, 2005 and 2006, respectively.

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

Significant components of deferred tax assets and liabilities at March 31, 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Deferred tax assets:			
Accrued pension and severance costs	¥10,212	¥11,469	$ 97,633
Tax loss carry forwards	6,992	4,587	39,048
Allowance for doubtful accounts	4,016	3,588	30,544
Accrued bonuses	2,487	2,517	21,427
Loss on disposal of fixed assets	1,420	1,479	12,591
Other	9,202	10,936	93,096
Total gross deferred tax assets	34,329	34,576	294,339
Valuation allowance	(18,194)	(19,406)	(165,200)
Total deferred tax assets, net of valuation allowance	16,135	15,170	129,139
Deferred tax liabilities:			
Unrealized gains on securities	(2,072)	(3,789)	(32,255)
Revaluation gain on subsidiaries	(721)	(733)	(6,240)
Other	(446)	(473)	(4,026)
Total gross deferred tax liabilities	(3,239)	(4,995)	(42,521)
Net deferred tax assets	¥12,896	¥10,175	$ 86,618

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

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Deferred tax assets (current assets)	¥5,257	¥5,057	$43,049
Deferred tax assets (fixed assets)	7,956	6,156	52,405
Other long-term liabilities(long-term liabilities)	(317)	(1,038)	(8,836)

In addition to above, the Company records "Deferred tax liabilities for land revaluation surplus" of ¥522 million at March 31, 2006 separately.

Reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the fiscal years ended March 31, 2005 and 2006 is as follows:

	2005	2006
Statutory income tax rate	40.7%	40.7%
Increase (decrease) in taxes resulting from:		
Increase (decrease) in valuation allowance	(9.3)	8.1
Permanent non-deductible expenses	2.4	2.3
Recognition of deferred tax assets for deductible temporary differences arising from investment in consolidated subsidiaries	(9.2)	—
Other	3.3	(2.5)
Effective income tax rate	27.9%	48.6%

9. APPROPRIATIONS OF RETAINED EARNINGS:

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 29, 2006.

	Millions of yen	Thousands of U.S. dollars
Cash dividends	¥2,167	$18,447

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

10. REVALUATION SURPLUS:

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

11. LEASE TRANSACTIONS:

The Companies charge or credit to income periodic lease payments and receipts for finance leases that do not have options to transfer ownership of the leased assets to the lessee. Such periodic lease payments under finance lease contracts totaled ¥1,732 million and ¥2,146 million ($18,268 thousand), and receipts under finance lease contracts totaled ¥82 million and ¥132 million ($1,124 thousand), for the fiscal years ended March 31, 2005 and 2006, respectively. Future lease payments and receipts under the Companies' finance leases and non-cancelable operating leases, including interest, at March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2006	2006
Lease payments:			
Due within one year	¥1,984	¥2,060	$17,537
Due beyond one year	6,783	6,383	54,337
	¥8,767	¥8,443	$71,874
Lease receipts:			
Due within one year	¥ 95	¥ 116	$ 987
Due beyond one year	32	38	324
	¥ 127	¥ 154	$ 1,311

Leased assets under the Companies' finance leases, where lessors retain ownership of leased assets, are accounted for as operating leases by the Companies. If such leases had been capitalized, then the cost of the assets and the related accumulated depreciation at March 31, 2005 and 2006 would have been as follows:

	Millions of yen		
	2005		
	Cost	Accumulated depreciation	Net amount
Buildings and structures	¥ 36	¥ 21	¥ 15
Machinery and equipment	12,588	4,099	8,489
Intangible assets	185	59	126
	¥12,809	¥4,179	¥8,630

	Millions of yen				Thousands of U.S. dollars
	2006				2006
	Cost	Accumulated depreciation	Accumulated impairment loss	Net amount	Net amount
Buildings and structures	¥ 26	¥ 18	¥ —	¥ 8	$ 68
Machinery and equipment	13,907	5,617	1,834	6,456	54,959
Intangible assets	197	86	5	106	902
	¥14,130	¥5,721	¥1,839	¥6,570	$55,929

The depreciation for these leased assets computed using the straight-line method over the period of the leases would have been ¥1,732 million and ¥2,146 million ($18,268 thousand) for the fiscal years ended March 31, 2005 and 2006, respectively.

Fixed assets, excluding sub-leased assets, which are leased to other companies under finance leases without options to transfer ownership of the leased assets to the lessee at March 31, 2005 and 2006, are as follows:

	Millions of yen		
	2005		
	Cost	Accumulated depreciation	Net amount
Machinery and equipment	¥186	¥68	¥118

	Millions of yen			Thousands of U.S. dollars
	2006			2006
	Cost	Accumulated depreciation	Net amount	Net amount
Machinery and equipment	**¥244**	**¥135**	**¥109**	**$928**

The depreciation for these leased assets computed using the straight-line method over the period of the leases were ¥66 million and ¥99 million ($843 thousand) for the fiscal years ended March 31, 2005 and 2006, respectively.

12. DERIVATIVES:

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

At March 31, 2005 and 2006, there were no derivative financial instruments, except for those instruments to which hedge accounting is applied.

13. RESEARCH AND DEVELOPMENT COSTS:

Research and development costs charged to "Cost of sales" and "Selling, general and administrative expenses" for the fiscal years ended March 31, 2005 and 2006 are ¥5,538 million and ¥5,133 million ($43,696 thousand), respectively.

14. CONTINGENT LIABILITIES:

Contingent liabilities at March 31, 2006 for loans guaranteed and other guarantees (including construed guarantees) given in the ordinary course of business amounted to ¥14,829 million ($126,236 thousand), including ¥3,207 million ($27,301 thousand) shared by other joint guarantors, ¥1,957 million ($16,660 thousand) for notes discounted, and ¥11 million ($94 thousand) for notes endorsed.

15. NET INCOME PER SHARE:

Reconciliation of the differences between basic and diluted net income per share for the fiscal years ended March 31, 2005 and 2006 is as follows:

	Millions of yen	Thousands of shares	Yen
	2005		
	Net income	Weighted average shares	Net income per share
Net income	¥13,488		
Amount not allocated to the common stock	(53)		
Basic net income	13,435	542,106	¥24.78
Effect of convertible bonds	(4)	21,536	
Diluted net income	¥13,431	563,642	¥23.83

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	2006			2006
	Net income	Weighted average shares	Net income per share	Net income per share
Net income	**¥9,684**			
Amount not allocated to the common stock	**(45)**			
Basic net income	**¥9,639**	**541,742**	**¥17.79**	**$0.15**
Effect of convertible bonds	**(6)**	**28,714**		
Diluted net income	**¥9,633**	**570,456**	**¥16.89**	**$0.14**

16. CHARGES ON SALE OF ALUMINUM FOIL:

On November 11, 2005, the Japan Fair Trade Commission submitted its findings, based on the article 48 section 2 of the Anti-Trust law, to the Company's consolidated subsidiaries, Toyo Aluminum K.K. and Tokai Aluminum Foil Co., Ltd., that they had violated article 3 (prohibition of illegal trade limitation) of the law with respect to sales of aluminum foil. This resulted in the two companies accepting the findings on November 18, 2005. In connection with this, the estimated amount of the charge is accrued and presented as "Charges on sale of aluminum foil" under the "Special losses" caption.

17. SEGMENT INFORMATION:

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

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

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

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

The "Building materials" segment produces a wide range of materials including sashes, curtain walls, and doors and fences for commercial and residential construction. "Corporate items" include general and administrative expenses and other expenses not specifically related to business segments.

Export sales and operations outside Japan are insignificant.

Information by industry segment for the fiscal years ended March 31, 2005 and 2006 is as follows:

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

**1 Netting of corporate items …¥2,924 million* **2 Netting of corporate items …¥20,389 million*

	Millions of yen					
	2006					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	**¥ 97,077**	**¥70,714**	**¥238,422**	**¥170,848**	**¥ —**	**¥577,061**
Intersegment	**67,754**	**26,503**	**17,792**	**4,295**	**(116,344)**	**—**
Total	**164,831**	**97,217**	**256,214**	**175,143**	**(116,344)**	**577,061**
Operating expenses	**155,191**	**90,782**	**240,366**	**175,306**	**(113,507)*1**	**548,138**
Operating profit (loss)	**¥ 9,640**	**¥ 6,435**	**¥ 15,848**	**(¥ 163)**	**(¥ 2,837)**	**¥ 28,923**
Identifiable assets	**¥111,068**	**¥71,854**	**¥213,615**	**¥153,180**	**(¥ 16,191)*2**	**¥533,526**
Depreciation	**¥ 2,819**	**¥ 1,809**	**¥ 6,222**	**¥ 6,377**	**¥ 88**	**¥ 17,315**
Loss on impairment of fixed assets	**¥ —**	**¥ 1,715**	**¥ —**	**¥ 249**	**¥ —**	**¥ 1,964**
Capital expenditures	**¥ 3,678**	**¥ 2,849**	**¥ 7,963**	**¥ 5,279**	**¥ 50**	**¥ 19,819**

**1 Netting of corporate items …¥2,830 million* **2 Netting of corporate items …¥16,070 million*

	Thousands of U.S. dollars					
	2006					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	**$ 826,398**	**$601,975**	**$2,029,642**	**$1,454,397**	**$ —**	**$4,912,412**
Intersegment	**576,777**	**225,615**	**151,460**	**36,563**	**(990,415)**	**—**
Total	**1,403,175**	**827,590**	**2,181,102**	**1,490,960**	**(990,415)**	**4,912,412**
Operating expenses	**1,321,112**	**772,810**	**2,046,191**	**1,492,347**	**(966,264)*1**	**4,666,196**
Operating profit (loss)	**$ 82,063**	**$ 54,780**	**$ 134,911**	**($ 1,387)**	**($ 24,151)**	**$ 246,216**
Identifiable assets	**$ 945,501**	**$611,680**	**$1,818,464**	**$1,303,992**	**($ 137,831)*2**	**$4,541,806**
Depreciation	**$ 23,997**	**$ 15,400**	**$ 52,967**	**$ 54,286**	**$ 749**	**$ 147,399**
Loss on impairment of fixed assets	**$ —**	**$ 14,599**	**$ —**	**$ 2,120**	**$ —**	**$ 16,719**
Capital expenditures	**$ 31,310**	**$ 24,253**	**$ 67,787**	**$ 44,939**	**$ 426**	**$ 168,715**

**1 Netting of corporate items …$24,091 thousand* **2 Netting of corporate items …$136,801 thousand*

ChuoAoyama PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

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

Report of Independent Auditors

June 29, 2006

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

We have audited the accompanying consolidated balance sheets of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries as of March 31, 2005 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

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

ChuoAoyama PricewaterhouseCoopers

OVERSEAS NETWORK

OVERSEAS SUBSIDIARIES AND ASSOCIATES

North America

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

Europe

Toyal Europe Société par Actions Simplifiée Unipersonnelle
Accous, France
Phone: 33-5-59-983-535
Aluminum powder and paste
(100%)

East Asia

Alcan Nikkei China Limited
Hong Kong, SAR, China
Phone: 852-2522-3001
Trading and marketing
(49%)

M.C. Nikkei Aluminum (Kunshan) Co., Ltd.
Kunshan, China
Phone: 86-512-5763-6120
Secondary aluminum alloy
(34%)

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

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

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

Southeast Asia

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

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

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

Nikkei Singapore Aluminium Pte. Ltd.
Singapore
Phone: 65-6222-8991
Trading and marketing
(100%)

Thai Nikkei Trading Co., Ltd.
Thailand
Phone: 66-2308-2501
Aluminum alloy, scrap
(100%)

(As of March 31, 2006)

DIRECTORS AND OFFICERS

Directors

President
Representative Director
Shigesato Sato

Director

Yoshisato Hiratsuka
Takashi Ishiyama
Motoi Kobayashi
Tsuyoshi Nakajima
Makoto Fujioka
Akira Kato
Masao Imasu
Masato Hironaga
Yasuo Noda*
Hidetane Iijima*

* Outside Director

Auditors

Standing Statutory Auditor

Shozo Ueda
Koji Tajima

Outside Statutory Auditor

Seiichi Takeda
Yuzuru Fujita
Katsuo Wajiki

Officers

President
Chief Executive Officer
Shigesato Sato

Executive Vice President,
Senior Executive Officer
Yoshisato Hiratsuka
Assistant to President & C.E.O., Supervision of Accounting & Finance Dept.

Takashi Ishiyama
Assistant to President & C.E.O., Supervision of Strategic Committee For Product Commercialization and Business Development., Chairperson of Group Technology & Development Committee, Supervision of Metal & Alloy Div. and Shaped Parts Div., General Manager of Sheet & Extrusion Fabricated Products Controlling Dept.

Senior Executive Officer

Motoi Kobayashi
In charge of Group Sales Promotion, General Manager of Osaka / Nagoya Regional Office, Supervision of General Affairs Dept.

Tsuyoshi Nakajima
Supervision of Planning Dept., Personnel Dept. and Panel Products ,In Charge of Safety, Supervision of Landscape Products Dept.

Executive Officer

Makoto Fujioka
Supervision of Auditing Office, IR & Public Relations and Legal Dept., In charge of Specific Projects for Group Sales, Compliance and Environment, General Manager of Internal Control Office

Koji Kawakami
Divisional Manager of Rolled Products

Toshiaki Wasa
Divisional Manager of Capacitor Foil, Supervision of Heat Exchanger Div. and Kambara Complex

Mitsuru Ishihara
Divisional Manager of Chemicals

Yoshiaki Kurihara
Supervision of Group Metal Center, General Manager of Purchasing & Logistics Dept.

Akira Kato
General Manager of Technology & Development Group
General Manager of Technology Dept. of Technology & Development Group

Officer

Tadakazu Miyauchi
Divisional Manager of Metal & Alloy

Koji Ueno
General Manager of Planning Dept., In charge of China and Southeast Asia, Supervision of Tomakomai Complex

Mitsuaki Asano
General Manager of Accounting & Finance Dept.

Yoshitaka Ohtsu
Divisional Manager of Heat Exchanger

Ichiro Okamoto
General Manager of Group Technology Center of Technology & Development Group

(As of June 30, 2006)

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

Established
March 30, 1939

Paid-In Capital
¥39,085 million

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

Number of Shareholders
53,871

Stock Exchange Listings
Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

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

Last Shareholders' Meeting
June 29, 2006

Major Shareholders
(Ratio of Stock Holding)

Japan Trustee Services Bank, Ltd.
(trust accounts)
(7.1%)

The Master Trust Bank of Japan, Ltd.
(trust accounts)
(6.6%)

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

Asahi Mutual Life Insurance Co.
(2.8%)

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

Nippon Life Insurance Co.
(Special Pension Account)
(2.7%)

Namekawa Aluminium Co., Ltd.
(2.7%)

Japan Securities Finance Co., Ltd.
(2.3%)

Mizuho Corporate Bank, Ltd.
(2.1%)

Nikkei-Keiyu-Kai
(2.0%)

(As of March 31, 2006)

Nippon Light Metal Company, Ltd.
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http://www.nikkeikin.co.jp

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