ANNUAL REPORT 2014

Year ended March 31, 2014

Nippon Light Metal Holdings Company, Ltd.

Profile

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

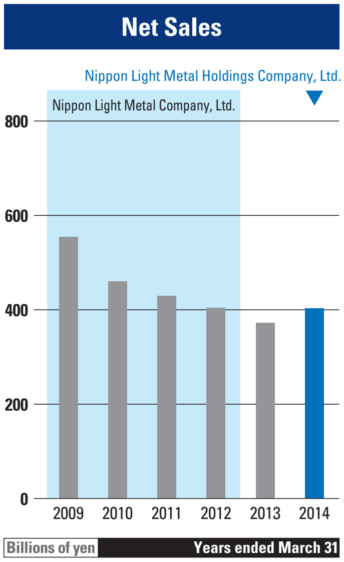
Aluminum has properties that make it a superb industrial material: it is lightweight and has excellent processability, corrosion resistance, thermal conductivity, and recyclability. Nippon Light Metal applies its core strengths — a wealth of knowledge about aluminum and its characteristics and technological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

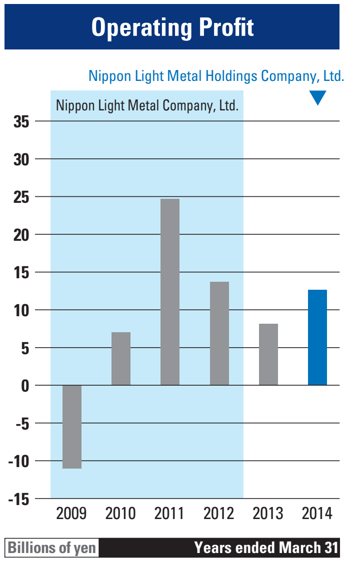
By carrying on development of new applications for aluminum and aluminum materials, the NLM Group is to continue to support customers in wide-ranging industrial sectors and contribute to improving the quality of people's lives and protection of the environment.

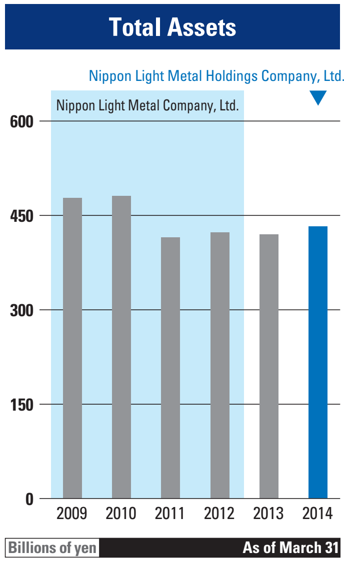
Consolidated Financial Highlight

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

	2013	**2014**	**2014**
	Millions of yen		Thousands of U.S. dollars
For the year:			
Net sales	¥371,887	**¥402,829**	**$3,914,001**
Operating profit	8,154	**12,617**	**122,591**
Net income	3,355	**5,128**	**49,825**
At year-end:			
Total assets	419,786	**432,538**	**4,202,662**
Net assets	114,624	**121,194**	**1,177,555**
Short-term borrowings and long-term debt, including bonds and capital lease obligation	193,883	**202,619**	**1,968,704**





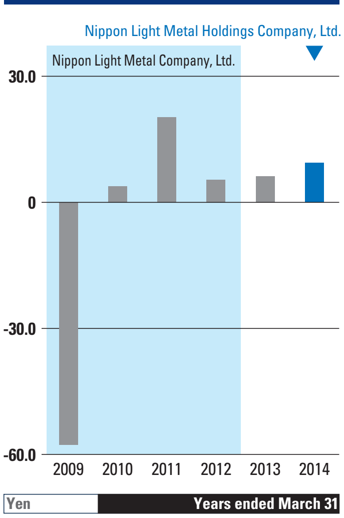


Contents

	2013	2014	2014
	yen		U.S. dollars
Per share data (yen and dollars):			
Net income —basic	¥ 6.17	¥ 9.43	$ 0.09
—diluted	—	—	—
Cash dividends	3.00	4.00	0.04
Net assets	193.33	203.03	1.97
Stock information (TSE) (yen and dollars):			
Stock price:			
High	¥ 118	¥ 164	$ 1.59
Low	65	95	0.92

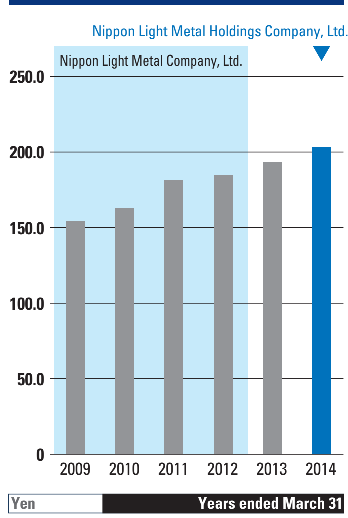
Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥102.92 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Net Income per Share



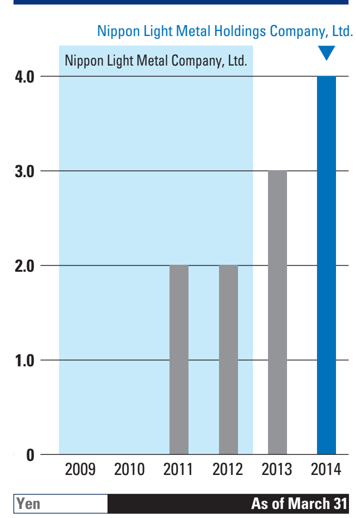
Net Income per Share = (Net Income - Amount not attributable to common shareholders) / Average Number of Shares Outstanding

Net Assets per Share



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

Cash Dividends per Share



Takashi Ishiyama, *President and CEO*

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

I hereby report on the operating results for Nippon Light Metal Holdings Company, Ltd. ("NLM Holdings") for fiscal 2013 (the year from April 1, 2013 to March 31, 2014).

Overview of Fiscal 2013

During the year under review, the environment in the domestic aluminum industry was mixed, as shipments for automobile and construction-related fields increased backed by strong automobile sales and a rise in housing starts while those for electrical machinery and electronics-related fields remained stagnant. As a result, overall aluminum product demand slightly increased from that of the previous year.

Also for the NLM Group, while sales of products including electrical machinery and electronics remained sluggish, shipments for automobile-related products, panel systems and other products performed well.

Under these circumstances, the Group has formulated a new Mid-Term Management Plan (fiscal 2013 to fiscal 2015) starting in the year ended March 2014 with the following three basic policies to strengthen and expand the Group's management structure.

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

Fiscal 2013 was marked as the year when the Group's past overseas investment started to bear fruits. Specifically, automobile product business conducted by Nikkeikin Aluminum Core Technology in China and aluminum alloy business conducted by Nikkei MC Aluminum in China and Thailand showed robust performance.

Consequently, consolidated net sales for the year under review increased 8.3% year on year, to ¥402.8 billion. Consolidated operating profit and consolidated ordinary profit increased 54.7% and 85.2% year on year, to ¥12.6 billion and ¥12.7 billion, respectively. Consolidated net income increased 52.8% year on year to ¥5.1 billion.

Year-end dividend payment will be ¥4 per share, ¥1 greater than year-end dividend payments for the previous year.

Overview by Business Segment

Sales in the Alumina, Chemicals and Aluminum Ingot segment increased 12.3% year on year, to ¥105.5 billion, while operating profit decreased 10.9% year on year, to ¥2.9 billion. This is due to the fact that sales of the secondary alloy business, the core of the Aluminum Ingot segment, were robust, marking increases both in revenue and profit, backed by the booming automobile industry; however in the Alumina and Chemicals segment, the overall shipments continued to be stagnant, and profits were affected by increases in fuel and electricity costs.

Sales in the Aluminum Sheet and Extrusions segment increased 12.8% year on year, to ¥71.3 billion, while operating profit increased 59.3% year on year, to ¥2.7 billion. In the Aluminum Sheet segment, while shipments for capacitors, electrical machinery and electronics-related fields were sluggish, transport-related shipments mainly for trucks and railway cars were strong. Also in the Extrusions segment, transport-related shipments for automobiles were robust, and the shipments for solar panel racks also increased.

Sales in the Fabricated Products and Others segment increased 4.8% year on year, to ¥132.3 billion, while operating profit increased 3.6% year on year, to ¥7.2 billion. This is because sales in the truck outfitting business temporarily declined due to a shortage of chassis but rapidly recovered, and panel systems for freezers and refrigerators and capacitors for car air conditioners also performed well.

Sales in Aluminum Foil, Powder and Paste segment increased 5.9 % year-on-year to ¥93.8 billion. Operating profit was posted as ¥2.9 billion, improved by ¥3.7 billion, compared to ¥0.8 billion in operating loss in the previous year. This is due to the recovery in the cost competitiveness backed by the higher ratios of raw material procurement and production in China for the solar cell-related products in the Solar segment, as well as the strong sales of fabricated foil for pharmaceutical packaging and water-shedding packaging for food products in the Aluminum Foil segment and robust shipments for inks used for food and beverage containers in the Powder and Paste segment.

Key Topics during Fiscal 2013

In September 2013, Nikkei MC Aluminum and the U.S. aluminum alloy manufacturer, TST, Inc., founded a joint venture which manufactures and sells aluminum alloy in the United Mexican States. We will strive to expand our business by increasing our presence as a production site for the North American market, and enabling the local supply of development alloys and other products to customers through Mexican market, where advance by automobile manufacturers of each country are accelerating.

Also, in September 2013, Nippon Light Metal Company ("NLM") and Guangxi Hezhou Investment Group Co., Ltd. established a joint venture which manufactures and sells high-purity aluminum ingot in Guangxi Zhuang Autonomous Region in China.

As its electronics industry develops, demand for high-purity aluminum ingots in China is increasing. So we will strive to expand our sales by rolling out our technologies for producing high-purity products.

In Japan, as of March 31, 2014, we retreated from the electrolytic aluminum smelting business, which was our original business field at the time of our foundation. Although all of our competitors terminated their electrolytic smelting business due to rising electricity costs after the oil crises, we continued the business by shrinking its scale; however we decided to end it due to the severely aged equipment.

(Please refer to Topics on page 5 for details.)

Outlook for Fiscal 2014

With regard to the Japanese economy for fiscal 2014, although there are expectations for a recovery in exports due to yen depreciation, as well as for growth in personal consumption through improvement in the employment and income situation, downside risks continue to linger, such as the effects of the consumption tax increase, financial uncertainty in China and emerging nations, concerns about a recession, and the rising cost of energy including electricity. While demand for aluminum products is expected to decrease in automobile and construction fields due to the effect of the consumption tax increase, a rise in exports backed by yen depreciation is anticipated. Consequently, a slight increase from the previous year is expected.

In these circumstances, the next fiscal year is projected to register net sales of ¥410.0 billion, operating profit of ¥17.0 billion, and ordinary profit of ¥15.0 billion.

The Group will strive to maximize consolidated revenue by taking the transition to a holding company as an opportunity to strengthen collaboration within the Group and to boost the profitability of overseas sites.

I would like to ask for the continuing support of our shareholders in these efforts.

June 2014

Takashi Ishiyama

Takashi Ishiyama
President and CEO

NLM Ends Its Electrolytic Aluminum Smelting Business

- Japan's sole electrolytic aluminum smelting site comes to an end after its 74-year operation -

On March 31, 2014, Nippon Light Metal Company, Ltd. (hereinafter "NLM") discontinued its electrolytic aluminum smelting business at the Kambara Complex (Shizuoka Prefecture), which had produced aluminum ingots used as base material for high-purity products mainly in the electrical and electronics field.

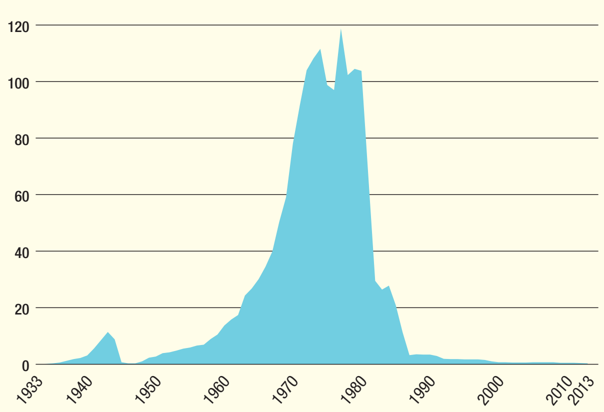
NLM's electrolytic furnaces and other equipment have aged significantly, and a substantial investment would be required to continue the electrolytic aluminum smelting business. The business was therefore deemed not to be economically viable. At the time of closure, ingot production capacity stood at 7,000 tons per year, production volume for fiscal 2013 was 2,654 tons, and the number of employees was 21.

NLM was established in 1939, and launched its electrolytic aluminum smelting business the following year. Fueled by Japan's economic growth, demand for aluminum expanded rapidly, and by 1975, the annual production capacity at the three plants of Kambara, Niigata, and Tomakomai had reached 370,000 tons.

However, electricity costs soared as a result of the two oil shocks in the 1970s, and NLM discontinued its electrolytic aluminum smelting operations at the two production sites in Tomakomai and Niigata. Only the Kambara Complex has been carrying on its operation as Japan's remaining electrolytic aluminum smelting site as it was able to procure electricity from NLM's six hydroelectric plants located along the Fuji River. NLM, however, decided to discontinue its operation with a history of 74 years.

NLM has received the approval of its customers for the decision to supply its high-grade aluminum (high-purity ingots) with imported ingots as their basis, and since April we have continued to provide our products as before.

Aluminum ingot production volume in Japan (Unit: 10,000 tons)



Kambara Complex Electrolytic Aluminum Smelting Plant

Mr. Ishiyama, President and CEO, discusses "measures to improve revenue in challenged business sectors, and growth strategies."

Q | The consumption tax rate was raised to 8% from 5% in April. How do you view the current management environment?

A | A decrease in consumption due to a backlash against last-minute demand will occur after the consumption tax increase; however, I believe that demand for aluminum products will increase in the long term backed by the demand for construction focusing on the Olympics, and in the short term, backed by an economy supported by Abenomics and an increase in exports due to yen depreciation. The impact of the Olympics to be held in 2020 will be enormous. Just as the Tokyo Olympics held 50 years ago laid the foundations which continue to support Japan, the 2020 Olympics may significantly change the social infrastructure. I've been telling the Group's employees, "Let's put our heads together and think hard about how to get involved in the big changes presented by the Tokyo 2020 Olympics."

Q | In recent years, it seems that the performances of the Alumina-related business and the Aluminum Sheet business have remained stagnant. Could you discuss that?

A | We think that it is necessary to implement a drastic reform in the Alumina-related business and Aluminum Sheet business as we expect the cost of raw material and electricity will remain at a high level. In the Alumina-related business, we will promote measures to add high value to products while implementing thorough cost reduction in Japan in order to proactively expand sales and place new products on the markets both in Japan and overseas.

In regard to the Aluminum Sheet business, we will strive to survive by thoroughly differentiating ourselves from industry competitors through three strategies. The first is the establishment of a trilateral structure among Huafon Nikkei Aluminum (China), Nikkei Siam (Thailand), and Nikkeikin Nagoya Plant (Japan). We will lay out a global supply structure for materials for automobile heat exchangers through smooth coordination among Huafon, Siam, and Nagoya, and expand sales of other aluminum sheet products. The second is development of fabricated products in collaboration with Toyo Rikagaku Kenkyusho, in which we took a stake in November 2013. We will aim to achieve profitable growth by offering fabricated products with high added value. The third is the enhanced collaboration with Toyo Aluminium's aluminum foil business. The company's aluminum foil business is ranked No.1 in Japan, and it is the Group's strength. We will expand our sales and profits through integrated production from ingots to finished products within the Group.

Q | Can you tell us about "overseas business development," which is also emphasized in the Mid-Term Management Plan?

A | The Group has made aggressive investments in businesses with a main focus on fabrication mostly in Thailand and China in the last few years.

In China, sales of automobile components offered by Nikkeikin Aluminum Core Technology are strong, and this has led to the addition of new facilities. Sales of aluminum components used in railway and subway cars are increasing at the fourth site of Nikkeikin Aluminum Core Technology, which was established in October 2012.

Furthermore, we will strive to expand sales of electrical machinery and electronics, for which demand is increasing, through a joint venture with a Chinese company established in September 2013, which manufactures and sells high-purity ingots.

In Thailand, demand for aluminum sheet, extrusions, and fabricated products is very strong among U.S., European, and Japanese automobile manufacturers and home appliance manufacturers. The NLM Group is pursuing business development for products including aluminum sheets, foils, panels, and heat exchangers, and we are planning to develop a business for fabricated products using extrusions.

Nikkei MC Aluminum, a Group company, is also planning aggressive overseas development. To date, the company has operated the aluminum alloy business in North America, Thailand, and Kunshan, China; in addition, it established joint ventures in India in September 2012 and in Mexico in September 2013 to start the manufacture and sales of aluminum alloys for automobile manufacturers.

In May 2014, Nippon Fruehauf acquired a 70% stake in Mahajak Coldchain Co., Ltd., which manufactures and sells truck bodies in Thailand, to establish a second overseas site and to jointly conduct business with the Mahajak Group in Thailand. The new company, Fruehauf Mahajak Co., Ltd., will commence the manufacture and sales of automobile bodies, containers, and related products in July 2014 and plans to export products from Thailand to neighboring countries in the future.

Q | Could you tell us about your most important management philosophy, "Profit and Loss Operations Management"?

A | I was appointed President and CEO in 2007. Since soon after taking on the job, I have continually emphasized that "the most important thing for the management of the NLM Group is to implement a cycle of "Create-Make-Sell" by consolidating the processes of development, manufacture and sale." This is "Profit and Loss Operations Management."

"Create-Make-Sell" management is not profit and loss management within the organization to which one belongs, but comprehensive and streamlining management whereby products are developed, manufactured, and sold from the market-in point of view through group-wide, cross-functional activities.

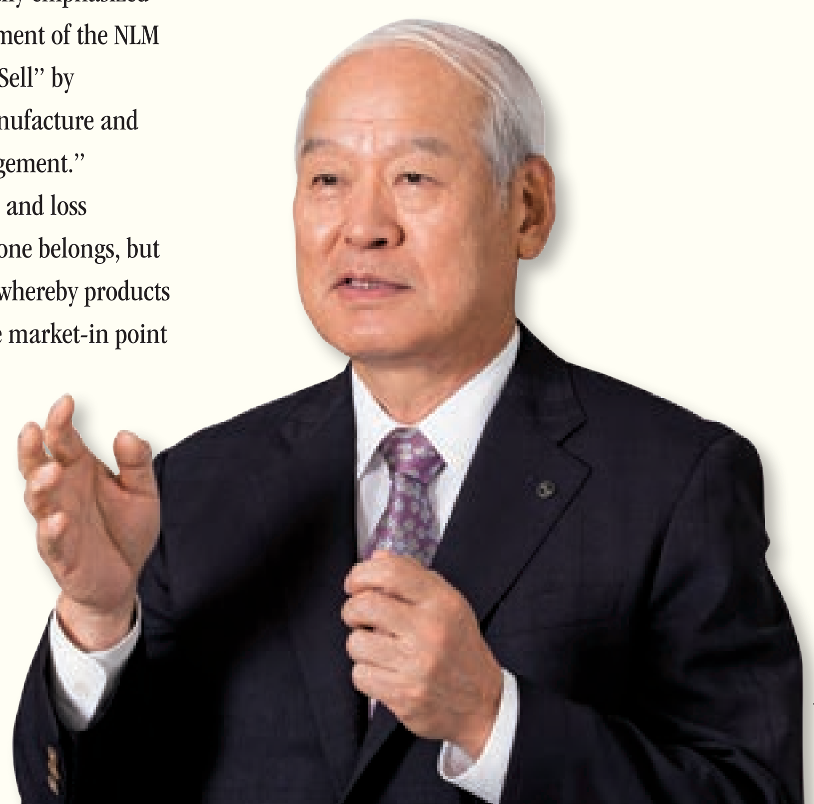
In recent years, the Group has managed operating profit on a product-by-product basis, and has used this to take action to further improve profit and loss. Each business segment has established a framework for that purpose, and these frameworks have begun to serve as measures to improve profit and loss. Based on this, a structure to develop new products and businesses has also been put in place.

Q | Please give a message to the shareholders and other stakeholders.

A | Since 2012, we have managed the Group under a holding company format, the primary objective of which was "to strengthen integration between Group companies." Under the holding company format, the Group has become flatly organized and more cross-sectional, giving rise to the creation of many new products and budding new businesses.

I believe that, as a consequence, this "Profit and Loss Operations Management" can foster employees with management abilities.

There is a saying "business is people," and in the Group we have nurtured management executives through this "Profit and Loss Operations Management." We invite our shareholders to look forward to the future of the Group.



Takashi Ishiyama,
President and CEO

1. Summary of Corporate Governance

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

NLM has adopted an executive officer system. The Board of Directors consists of 12 directors, of whom two are outside directors. This system enables agile management and sufficient deliberation by the Board of Directors. To clarify the roles and responsibilities of directors and executive officers and ensure that their tasks are conducted appropriately, their term of office is set to be one year. 12 Board of Directors meetings were held in fiscal 2013.

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

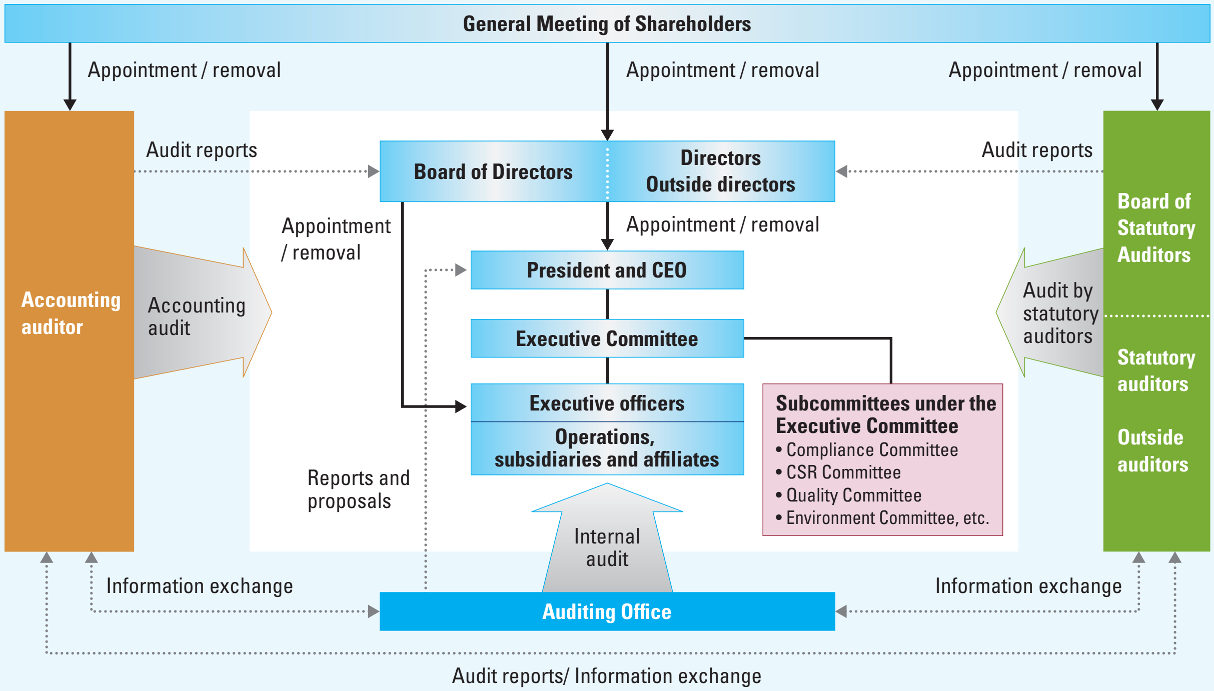
NLM has also adopted a statutory auditor system. The Board of Statutory Auditors consists of five statutory auditors, of whom three are outside auditors. Auditors are independent and play a key role in corporate governance by attending Board of Directors and other important internal meetings.

Support Systems for Outside Directors and Outside Statutory Auditors

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

The Auditors Office provides staff to assist the auditors.

NLM's CORPORATE GOVERNANCE STRUCTURE



Accounting Audits

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

2. Summary of Implementation of Internal Control Systems

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

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

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

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

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

Establishment of Group Risk Management Regulations

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

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

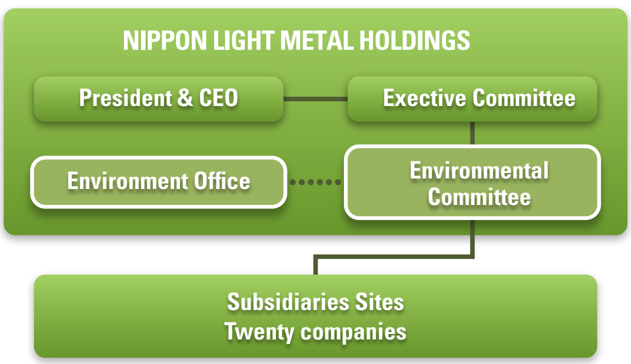
In accordance with corporate regulations, NLM appropriately stores and manages information on the execution of duties by directors, which is disclosed to statutory auditors upon request. On May 29, 2006, NLM established the Regulations Concerning the Preservation and Management of Documents Containing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

NLM Group Environmental Activities

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

Environmental Management System

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



Environmental Audit

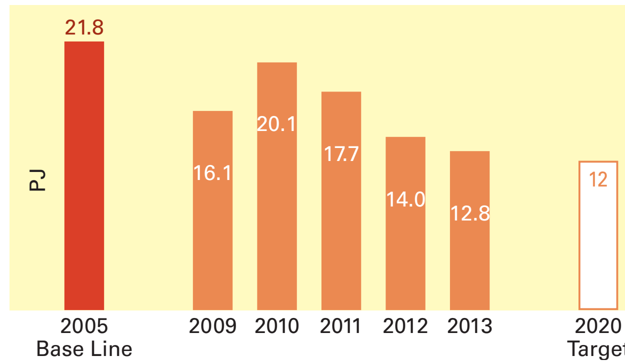
The Environment Office conduct regular environmental audits for all sites in addition to ISO14001. The audit process consists of double procedures: documentation review and on-site inspection which is implemented with a period of once every three years. In 2013, Waste Management and Public Cleansing Act were focused on. These results are communicated to the Director in charge and the Auditors.

Material Balance

FY2013 energy consumption was down by 8.6%

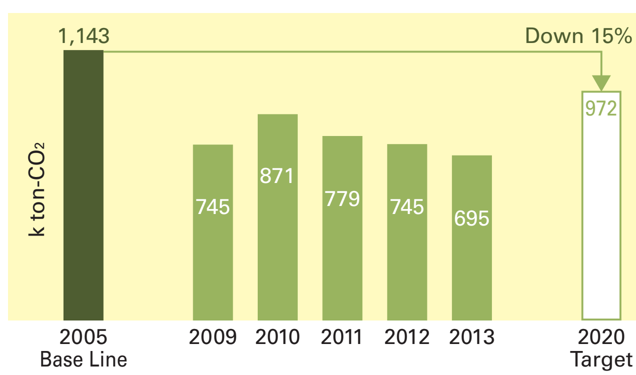
INPUT	FY2013	FY2012
Electricity (PJ)	7.8	8.2
Fuel	5.0	5.8

Energy Consumption



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

Change in Greenhouse Gas Emissions



New Initiatives

The management of chemicals contained in products is one of significant issue at present. Three divisions such as Purchase, Quality Assurance and Environmental Conservation are jointly supported.

Nippon Light Metal Group consists of 79 subsidiaries and 26 affiliates (as of March 31, 2014). The Group's major operations and the business relations between the Company, major consolidated subsidiaries and affiliates accounted for by the equity method are shown in the diagram below.

Nippon Light Metal Holdings Company, Ltd.

Aluminum Ingot and Chemicals

(Manufacture and Sales)

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

(Sales and Others)

- ● Nikkei Sangyo Co., Ltd.
- ● Tamai Steamship Co., Ltd.

Aluminum Sheet and Extrusions

(Manufacture and Sales)

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

(Sales and Others)

- ● Nikkeikin Kakoh Kaihatsu Holdings Company, Ltd.
- ● Nikkei Sangyo Co., Ltd.

Fabricated Products and Others

(Manufacture and Sales)

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

(Sales and Others)

- ● Nikkei Information System Co., Ltd.
- ● Nikkei Logistics Co., Ltd.
- ● Sumikei Nikkei Engineering Co., Ltd.
- ● Toho Earthtech Inc.

Aluminum Foil, Powder and Paste

(Manufacture and Sales)

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

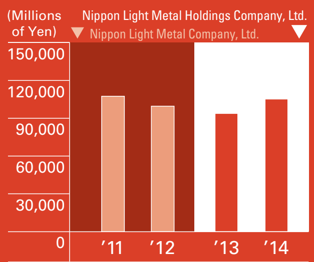
CUSTOMER

● Consolidated subsidiaries: 73 companies ● Affiliates accounted for by the equity method: 19 companies (As of March 31, 2014)

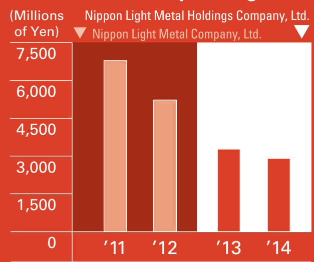
Aluminum Ingot and Chemicals

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

Net Sales



Consolidated Operating Profit



Note : Operating results for the year ended March 31, 2011 and the year ended March 31, 2012 are for NLM.

Principal Products

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

Overview of results for fiscal 2013

In the Alumina and Chemicals segment, with regard to alumina-related products, sales of high-purity aluminum for LED sapphire substrates were strong, but despite strong sales for some of the mainstay alumina and aluminum hydroxide products in Japan, exports declined from the previous year due to decrease in sales volume from intensifying competition. As a result, sales were on par with the levels of the previous year. In terms of chemicals, despite strong shipments of organic chlorine products, sales of inorganic coagulants-related products were weak, causing sales for the segment overall to be the same levels of the previous year.

In terms of profits, yen depreciation caused purchase price of the raw material aluminum hydroxide to rise, and both fuel and electricity costs increased. As a result, reductions in fixed costs and other measures were unable to absorb rising costs, leading to results significantly below those of the previous year.

In the Aluminum Ingot segment, although sales of the mainstay secondary alloy products for automotive applications were sluggish in Southeast Asian and North American markets, sales volume grew, thanks to the recovery of the number of automobile units manufactured in Japan. Additionally, sales prices rose in tandem with raw material prices which serve as its benchmark, resulting in a significant increase in sales compared to the previous year.

In terms of profits, sales of high value added products grew in Chinese market, while in Japan the yen depreciation alleviated the price competition with imported goods. These and other factors led to significant improvement in results compared with the previous year.

As of the end of March 2014, electrolytic aluminum smelting business at Kambara Complex of the Group subsidiary Nippon Light Metal Company, Ltd. has been shut down, due to aging equipment and other factors.

As a result, Alumina, Chemicals and Aluminum Ingot segment sales increased 12.3%, or ¥11,586 million year on year, to ¥105,488 million (¥93,902 million for the previous year), while operating profit decreased 10.9%, or ¥356 million year on year, to ¥2,917 million (¥3,273 million for the previous year).

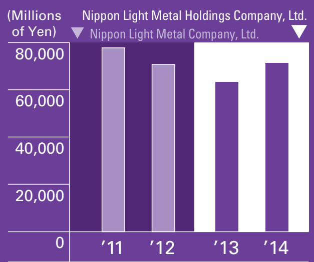
In September 2013, Group subsidiary Nikkei MC Aluminium Co., Ltd. jointly founded with a U.S. firm T.S.T. Nikkei Metales S. de R.L. de C.V. in Estado de Aguascalientes, Mexico, as the site for manufacturing and sale of aluminum alloys in the United Mexican States. Nikkei MC Aluminium Co., Ltd. invested a 45% stake in the new company. We will strive to expand our business by increasing our presence as a production site for the North American market, and enabling the local supply of development alloys and other products to customers through Mexican market, where advance by automobile manufacturers of each country are accelerating.

Also, in September 2013, Nippon Light Metal Company, Ltd. founded a local joint venture, Guangxi Hezhou Nikkei Guiyin Technology Co., Ltd. in Guangzi Zhuang Autonomous Region, investing a 49% stake. The new company will serve as a site for the manufacturing and sale of high-purity aluminum ingots in China. As its electronics industry develops, demand for high-purity aluminum ingots in China is increasing, and the industry's increasing structural sophistication is expected to grow this market in the future. Our Group is committed to capturing demand by rolling out our technologies for producing high-purity products to establish supremacy in terms of both quality and cost.

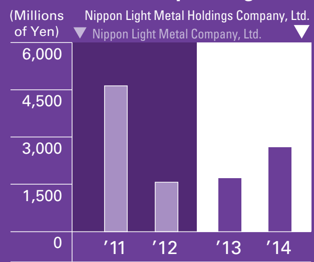
Aluminum Sheet and Extrusions

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

■ Net Sales



■ Consolidated Operating Profit



Note : Operating results for the year ended March 31, 2011 and the year ended March 31, 2012 are for NLM.

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

● Overview of results for fiscal 2013

In the Aluminum Sheet Segment, although shipments of foil stock for capacitors slumped, and shipments of electrical machinery and electronics-related fields remained sluggish, demand for thick plates for semiconductor and LCD manufacturing equipment recovered from the latter half of the year, and transport-related shipments were also strong, mainly for van and truck outfitting and railway cars, resulting in an increase in sales volume. Additionally, the price of Aluminum Ingots, which is an indicator in terms of price, rose year on year, leading to sales levels exceeding those of the previous year.

In terms of profits, although rising fuel prices exerted downward pressure on profits, increased sales improved plant operation rates, and the proportion of sales of high value added products also grew. These and other factors resulted in improving the profits compared with the previous year.

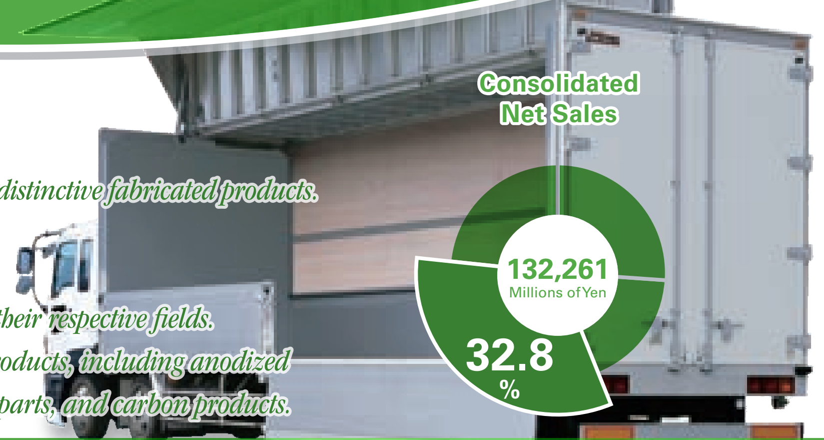
In the Aluminum Extrusions segment, although shipments in electrical machinery and electronics-related fields flagged, the transport-related shipments, which form the mainstay of the segment, recovered in the latter half of the year, especially for van and truck outfitting and automobile in which the adverse effect of worsening relationship between Japan and China lessened. Sales also increased greatly in shipments for railway cars, especially for the Hokuriku Shinkansen. The surge in demand ahead of the consumption tax hike has supported building materials-related shipments overall, and in this situation, sales routes for solar panel racks has been expanded smoothly and there was strong demand for industrial equipment-related shipments for capital investment. These led to overall segment sales levels exceeding those of the previous year, and profits also improved from the previous year, thanks to strong shipments of railway cars and industrial equipment-related shipments.

As a result, Aluminum Sheet and Extrusion segment sales increased 12.8%, or ¥8,113 million, to ¥71,274 million (¥63,161 million for the previous year). Operating profit increased 59.3%, or ¥993 million, to ¥2,668 million (¥1,675 million for the previous year).

In November 2013, Nippon Light Metal Company, Ltd. completed its investment in Huafon Nikkei Aluminum Co., Ltd., which was founded in Shanghai jointly with a Chinese company and others, as the site for manufacturing and sale of aluminum plates and other products for automobile heat exchangers in China. Nippon Light Metal Company, Ltd.'s stake in the company is now 33.4%. Based on establishment of the trilateral structure of Japan, China, and Thailand, we will win shares of the automobile heat exchangers market in China, while enhancing our production capacity in Thailand through the supply of materials from China, and strive to stabilize our supply of products and expand profits in Chinese and Southeast Asian markets. Meanwhile, in Japan we will specialize in manufacturing and sale of high value added products, and function as a center for R&D and human resource cultivation.

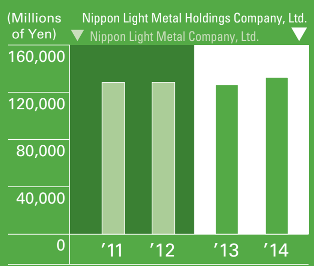
Also, in November 2013, Nippon Light Metal Company, Ltd. acquired 23.6% of the outstanding shares and took a stake in Toyo Rikagaku Kenkyusho Co., Ltd., a general manufacturer of metal fabrication, in order to boost the business in fabrication fields of aluminum sheet segment. Through combination of knowledge of raw materials centered on aluminum acquired by Nippon Light Metal Company, Ltd. and the advanced fabrication technologies of Toyo Rikagaku Kenkyusho Co., Ltd., we will meet increasingly diverse and specialized customer needs, and further increase the added value of products in the field of fabrication.

Fabricated Products and Others

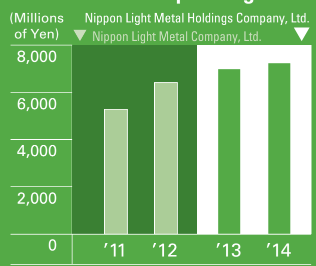


Profile *The NLM Group includes several companies that handle distinctive fabricated products. In particular, Nippon Fruehauf's truck bodies and Nikkei Panel System's commercial refrigerators and freezer panels enjoy an excellent reputation for quality, and are market share leaders in their respective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

Net Sales



Consolidated Operating Profit



Note : Operating results for the year ended March 31, 2011 and the year ended March 31, 2012 are for NLM.

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

● Overview of results for fiscal 2013

In the Transport-Related segment, although a temporary slump in sales in the truck outfitting business was seen during the first half of the year due to the rebound effect after the end of the "Eco-car" subsidy program, thanks to the replacement of vehicles purchased at the time of tightening of emissions regulations, as well as earthquake recovery demand, demand for trucks was maintained at a high level. These resulted in sales levels exceeding those of the previous year. Despite this growth, however, profits declined year on year due to the effects of drop in plant operation rates at the beginning of the year, the rise in material prices, and other factors.

In the area of capacitors for car air conditioners, sales of the mainstay mini vehicles products were strong, and demand in products for export vehicles increased due to yen depreciation, leading to sales levels exceeding those of the previous year.

The Shaped Parts segment saw an increase in demand year on year resulting from a recovery in the number of automobile units manufactured in Japan. However, diversifying procurement sources of customers caused sales to fall below the level of the previous year.

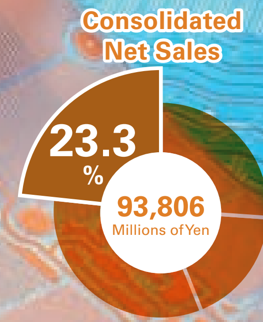
In the Electronic Materials segment, although there were signs that the long slump in demand for anodized aluminum foil for aluminum electrolytic capacitors has ended and its demand is expected to grow in such fields as renewable energy-related field in the future, the recovery is still on the way, and customers are increasingly shifting their production to overseas, and sourcing materials locally. These resulted in sales below those of the previous year.

In the Panel System segment, the number of convenience stores continued to grow as did in the previous year, and the shipments of industrial refrigerators and freezers were strong not only for stores, but also for related plants that process food products and low temperature distribution warehouses. With regard to clean rooms as well, although demand declined, particularly in the medical and bio fields, sales for semiconductors and precision equipment remained steady from the previous year. As a result, overall segment sales were on par with the high levels of the previous year.

In the Carbon Product segment, demand fell in both the Japanese and overseas markets, and sales were stagnant for the sector's major products, carbon blocks and cathodes for blast furnaces and electric furnaces for steel and aluminum smelters, as well as for unshaped materials for electrodes which was strong in the previous year. However, the yen depreciation increased the sales prices for transactions made in foreign currencies, and maintained sales equivalent to the levels of the previous fiscal year.

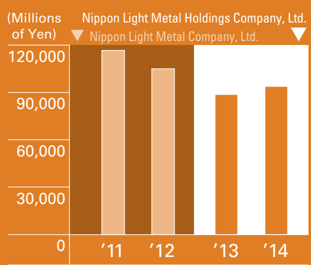
As a result, sales in the Fabricated Products and Others segment increased 4.8%, or ¥6,043 million, to ¥132,261 million (¥126,218 million for the previous year). Operating profit increased 3.6%, or ¥250 million, to ¥7,224 million (¥6,974 million for the previous year).

Aluminum Foil, Powder and Paste

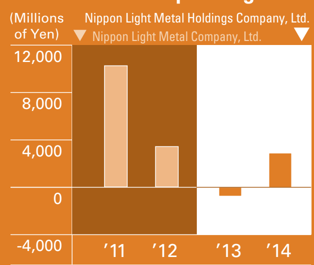


Profile *The core company in this segment is Toyo Aluminium K.K. The company has established its position as the leading manufacturer by using the features of aluminum to develop a wide range of products beneficial to society, industry and daily life, including packaging for food and pharmaceutical products,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

Net Sales



Consolidated Operating Profit



Applications

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

Principal Products

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

Note : Operating results for the year ended March 31, 2011 and the year ended March 31, 2012 are for NLM.

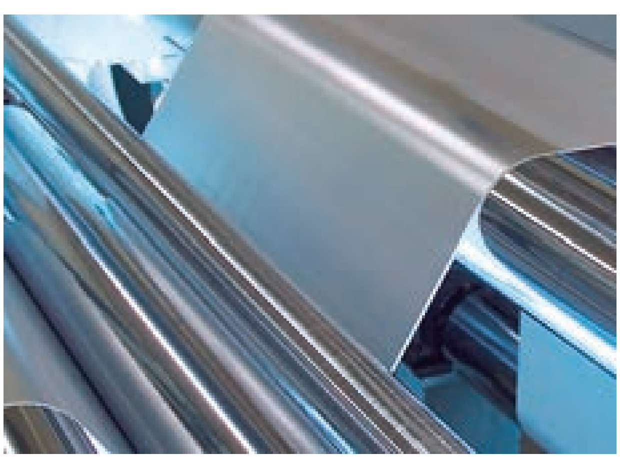
● Overview of results for fiscal 2013

In the Aluminum Foil segment, shipments of high-purity aluminum foil for electrolytic capacitors remained sluggish overall, despite the fact that sales contracts of some new products has shifted into high gear, and signs that overall demand has hit the bottom. Meanwhile, although sales of standard foil for daily necessities slumped, sales increased for such high value added products as fabricated foil for pharmaceutical packaging and water-shedding packaging for food products. Shipments of plain foil for lithium ion battery surfaces also recovered.

In the Powder and Paste segment, demand for silver and other metallic colors continued to shrink in the Japanese market, resulting in a decline in shipments of mainstay aluminum paste for use in automobile paint, and for use in home appliance and plastic paints. However, sales remained robust in shipments for inks used for food and beverage containers. Exports fell especially in shipments for automobiles, due to reduced automobile units manufactured in Thailand and South Korea owing to such factors as the expiration of tax incentives, inventory adjustments, and other factors.

In the Solar segment, the solar power market in China and Japan grew due to factors such as the construction of mega-solars, and the production volume of solar panels is heading toward recovery. On the other hand, competition over winning sales contracts remains fierce, and although we worked to improve our cost competitiveness through initiatives including moving our production sites to China and raising local supply rate of raw materials, sales volume remained flat from the levels of the previous year as we responded to deteriorating credit among users in China. Additionally, demand for back sheets for solar cells has shifted toward the low-price range, resulting in a decline in sales compared to the previous year.

As a result, sales in the Aluminum Foil, Powder and Paste segment increased 5.9%, or ¥5,200 million, to ¥93,806 million (¥88,606 million for the previous year). Operating profit and loss increased by ¥3,660 million to a profit of ¥2,889 million (¥771 million in loss for the previous year).

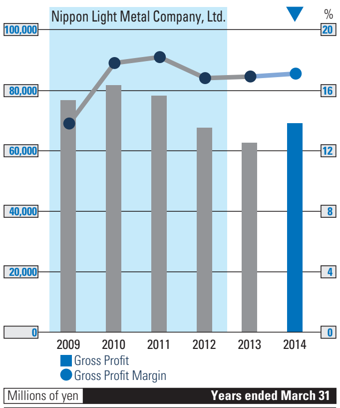


Aluminum Foil

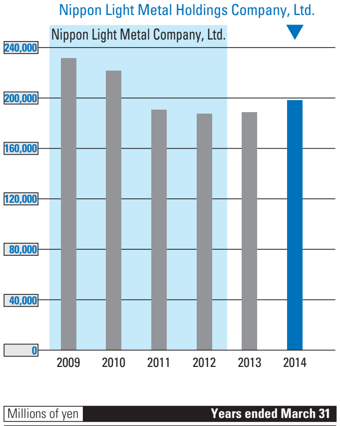
Consolidated Six-Year Summary

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

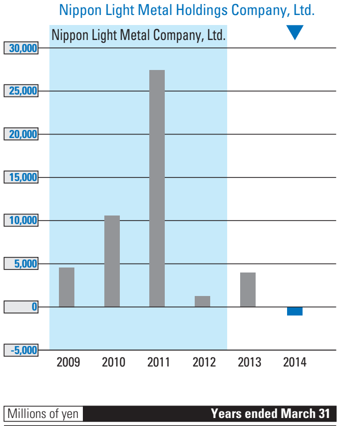
Gross Profit and Gross Profit Margin



Interest-bearing Debt



Free Cash Flows



	Nippon Light Metal Company, Ltd.	
	2009	2010
	(Millions of yen)	
Financial Results		
Net Sales	¥554,094	¥460,681
Gross Profit	76,720	81,885
Gross Profit Margin (%)	13.8	17.8
Operating Profit (Loss)	(11,892)	7,673
Ordinary Profit (Loss)	(16,936)	2,682
Net Income (Loss)	(31,442)	2,084
Segment Information		
Net Sales:		
Aluminum Ingot and Chemicals	120,725	88,141
Aluminum Sheet and Extrusions	66,766	58,399
Fabricated Products and Others	226,543	106,060
Building Materials	140,060	115,680
Aluminum foil, powder and paste	—	92,401
Total	554,094	460,681
Operating Profit (Loss):		
Aluminum Ingot and Chemicals	748	3,425
Aluminum Sheet and Extrusions	(5,737)	(362)
Fabricated Products and Others	3,976	3,849
Building Materials	(7,870)	(1,776)
Aluminum foil, powder and paste	—	5,140
Elimination or corporate items	(3,009)	(2,603)
Total	(11,892)	7,673
Financial Position		
Current Assets	257,386	258,839
Property, plant and equipment	176,231	165,612
Intangible assets	5,005	5,147
Investments and other assets	39,949	51,424
Current liabilities	264,386	249,184
Long-term liabilities	125,404	138,714
Shareholders' equity (Note 3)	85,170	87,245
Total accumulated other comprehensive income (Note 3)	(1,255)	1,507
Minority interests in consolidated Subsidiaries (Note 3)	4,866	4,372
Interest-bearing Debt (Note 2)	231,686	221,720
Cash Flows		
Cash Flows from Operating Activities	26,674	26,388
Depreciation and Amortization	22,113	20,717
Cash Flows from Investing Activities	(22,086)	(15,792)
Capital Expenditures	24,997	14,197
Cash Flows from Financing Activities	6,422	(8,880)
Per Share Data (yen and dollars)		
Net Income (Loss) - basic	¥ (57.77)	¥ 3.83
- diluted	—	3.63
Net Assets (Note 3)	154.22	163.13
Cash Dividends	—	—
Indices		
Return on Capital Employed (ROCE) (%)	(4.1)	2.2
Return on Equity (ROE) (%)	(30.6)	2.4
Equity Ratio (%)	17.5	18.5
Others		
Number of Shares Outstanding (thousands)	545,126	545,126
R&D Expenditures	5,972	5,085
Number of Employees	13,678	12,854

Note 1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥102.92 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

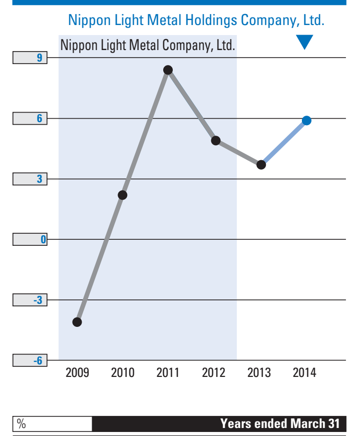
Note 2: Interest-bearing Debt = Long-term debt and Short-term borrowings, excluding capital lease obligations + Notes discounted + Notes endorsed

Note 3: Effective the year ended March 31, 2007, the Company adopted the new accounting standard "Accounting Standard for Presentation of Net Assets in the Balance Sheet".

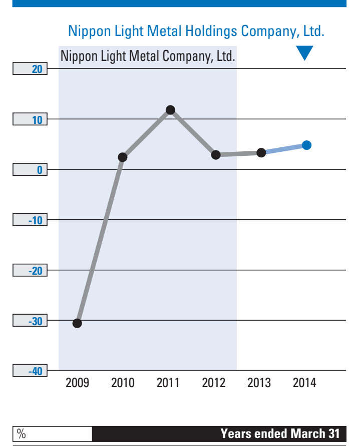
Note 4: Numbers used for the year ended March 2010 have been revised according to the current segment categories.

Nippon Light Metal Company, Ltd.		Nippon Light Metal Holdings Company, Ltd.		
2011	2012	2013	**2014**	**2014**
(Millions of yen)				(Thousands of U.S. dollars) (Note 1)
¥429,433	¥403,009	¥371,887	**¥402,829**	**$3,914,001**
78,166	67,559	62,715	**69,003**	**670,453**
18.2	16.8	16.9	**17.1**	**17.1**
24,724	13,665	8,154	**12,617**	**122,591**
18,529	9,709	6,873	**12,730**	**123,688**
11,040	2,856	3,355	**5,128**	**49,825**
107,397	99,560	93,902	**105,488**	**1,024,951**
69,458	70,618	63,161	**71,274**	**692,518**
136,095	127,972	126,218	**132,261**	**1,285,086**
—	—	—	**—**	**—**
116,483	104,859	88,606	**93,806**	**911,446**
429,433	403,009	371,887	**402,829**	**3,914,001**
6,783	5,227	3,273	**2,917**	**28,342**
4,604	1,569	1,675	**2,668**	**25,923**
5,738	6,392	6,974	**7,224**	**70,190**
—	—	—	**—**	**—**
10,245	3,402	(771)	**2,889**	**28,071**
(2,646)	(2,925)	(2,997)	**(3,081)**	**(29,935)**
24,724	13,665	8,154	**12,617**	**122,591**
221,956	225,200	217,648	**226,807**	**2,203,721**
143,767	149,919	153,238	**150,901**	**1,466,197**
4,458	6,601	6,338	**5,022**	**48,795**
44,704	40,951	42,562	**49,808**	**483,949**
182,703	192,070	182,173	**181,520**	**1,763,700**
127,425	121,752	122,989	**129,824**	**1,261,407**
98,272	100,033	102,297	**105,787**	**1,027,856**
463	434	2,851	**4,629**	**44,977**
6,022	8,382	9,476	**10,778**	**104,722**
190,760	187,697	188,844	**198,668**	**1,930,315**
26,479	19,537	18,030	**18,148**	**176,331**
15,831	17,040	16,259	**16,435**	**159,687**
964	(18,289)	(14,025)	**(18,998)**	**(184,591)**
15,363	23,167	17,121	**14,001**	**136,038**
(30,726)	(6,915)	(5,175)	**5,762**	**55,986**
¥ 20.29	¥ 5.25	¥ 6.17	**¥ 9.43**	**$ 0.09**
—	—	—	**—**	**—**
181.51	184.71	193.33	**203.03**	**1.97**
2.00	2.00	3.00	**4.00**	**0.04**
7.9	4.9	3.7	**5.9**	
11.8	2.9	3.3	**4.8**	
23.8	23.8	25.0	**25.5**	
545,126	545,126	545,126	**545,126**	
4,798	4,902	5,063	**4,984**	**$ 48,426**
9,739	10,041	10,392	**10,438**	

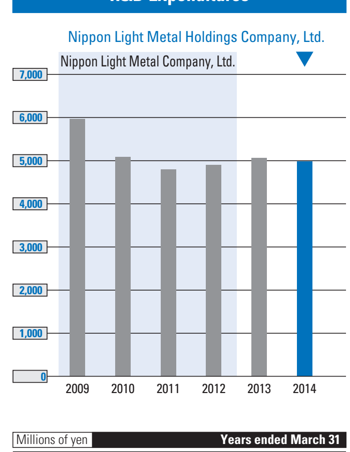
Return on Capital Employed (ROCE)



Return on Equity (ROE)



R&D Expenditures



Overview

The Japanese economy during fiscal 2013 (the year ended March 31, 2014) experienced a moderate recovery trend, as revenue improved mainly at export companies amid recovering stock prices and advancing yen depreciation, while personal consumption remained firm thanks to the last minute demand prior to the consumption tax hike.

Overall domestic aluminum product demand was up slightly compared to the previous year. However, demand was uneven across fields, with increased shipments in fields such as automobiles and construction materials, while electrical and electronics-related fields remained at low levels.

Given these circumstances, the Group has established a new Mid-Term Management Plan (from fiscal 2013 to fiscal 2015), of which the fiscal year under review is the first year. The Group has strived to maximize corporate value by setting the following three basic policies.

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

Specifically, in Mexico, where expansion by automobile manufacturers in Europe, the U.S., and Japan has been flourishing, the Group has established a new company engaged in the aluminum alloy business jointly with a U.S. corporation. In addition, the Group has established a joint venture with a local company in China, where growing demand is anticipated for high-purity aluminum ingots following development of the electronics industry in the country.

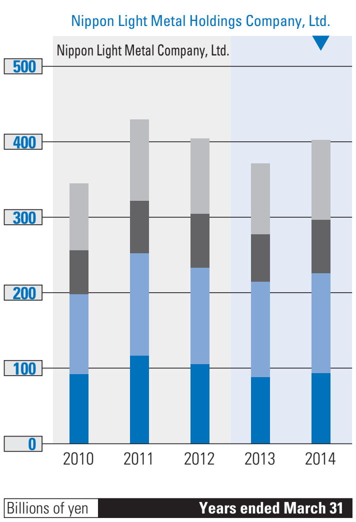
Furthermore, in the Solar segment and Alumina segment where improving revenue has been an issue, the Group implemented measures to recover business results such as consolidating production and sales of solar cell-related products at its Chinese subsidiary, and increasing production of high value added products including high-purity aluminum for LED sapphire substrates. Meanwhile, in the Aluminum Sheet segment, the Group invested in an aluminum sheet rolling company in China; which, together with the Group's aluminum sheet rolling subsidiary in Thailand, established the Group's sales and production network in the three sites of Japan, China, and Thailand.

With regard to business results for the fiscal year ended March 31, 2014, both revenue and profit increased as indicated below. This is due to strong shipments of automobile-related products and panel system products on the sales front, and, on the profit front, the absence of the loss on solar cell-related products recorded during the previous year, in addition to the effects of increased revenue.

Overview of Consolidated Business Performance (Millions of yen)

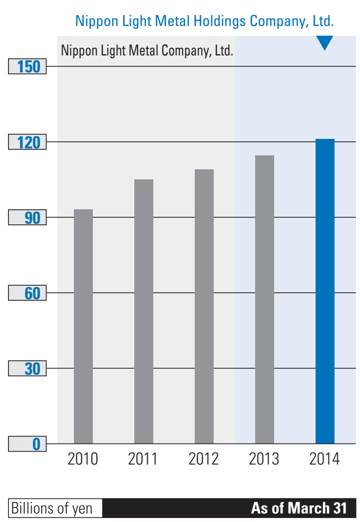
	Fiscal year under review The year ended March 31, 2014	Previous fiscal year The year ended March 31, 2013	Changes in Comparison (Decrease in brackets) Changes [Percent changes]
Net sales	402,829	371,887	30,942 [8.3%]
Operating profit	12,617	8,154	4,463 [54.7%]
Ordinary profit	12,730	6,873	5,857 [85.2%]
Net income	5,128	3,355	1,773 [52.8%]
Net income per share (Yen)	9.43	6.17	3.26 [52.8%]

Net Sales By Segment

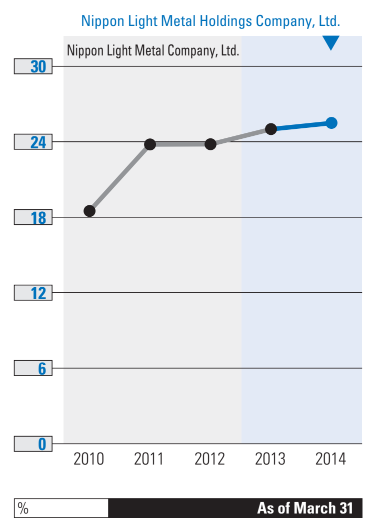


Aluminum Ingot and Chemicals
Aluminum Sheet and Extrusions
Fabricated Products and Others
Aluminum Foil, Powder and Paste

Total Net Assets



Equity Ratio



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

Earnings and Expenses

NLM Holdings' consolidated net sales for the fiscal year under review increased 8.3% year on year to ¥402.8 billion ($3,914 million). For sales and other financial performance by business segment, please see the Review of Operation in pages xx to xx.

The cost of sales was ¥333.8 billion ($3,244 million), while the cost to sales ratio was 82.9%. Selling, general and administrative expenses was ¥56.4 billion ($548 million). As a result, operating profit increased 54.7% year on year to ¥12.6 billion ($123 million).

Non-operating income was ¥5.0 billion ($49 million). During the fiscal year under review, equity in earnings of affiliates and dividend income were recorded as income. Non-operating expenses were ¥4.9 billion ($48 million). As a result, ordinary profit increased 85.2% year on year to ¥12.7 billion ($124 million).

For special gains, although a gain on sales of fixed assets of ¥6.3 billon ($67 million) was recorded in the previous year, no such gain was recorded in the fiscal year under review. As for special losses, ¥3.7 billion was recorded in the previous year and ¥2.4 billion ($23 million) was recorded during the fiscal year under review. This was a result of the absence of loss on impairment of fixed assets of bauxite equipment recorded in the previous year and decrease in environmental expenses, despite recording loss on closing plant of ¥10.0 billion ($10 million).

As a result, income before income taxes and minority interests of ¥10.4 billion ($101 million) was recorded for the fiscal year under review. Corporate, inhabitant and business taxes amounted to ¥3.5 billion ($34 million), and deferred income taxes during the fiscal year under review were ¥0.4 billion ($4 million).

As a result of the above, net income in the fiscal year under review increased 52.8% year on year to ¥5.1 billion ($50 million). The average number of shares outstanding increased from 543,890 thousand shares in the previous year to 543,865 thousand shares in the fiscal year under review. Therefore, net income per share increased from ¥6.2 in the previous year to ¥9.4 ($0.09) in the fiscal year under review. Payment of annual cash dividend of ¥4.0 ($0.04) per share, an increase of ¥1.0 year on year, was approved by the resolution at the General Meeting of Shareholders held on June 25, 2014.

Overview of Consolidated Balance Sheets (Millions of yen)

	March 31, 2014	March 31, 2013	Changes in comparison
Total assets	432,538	419,786	12,752
Total liabilities	311,344	305,162	6,182
Net assets	121,194	114,624	6,570
Equity ratio (%)	25.5	25.0	0.5

Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2014 decreased ¥12.8 billion year on year to ¥432.5 billion ($4,203 million). Total liabilities increased ¥6.2 billion year on year to ¥311.3 billion ($3,025 million). Interest-bearing debt increased ¥9.8 billion year on year to ¥198.7 billion.

Total net assets increased ¥6.6 billion year on year to ¥121.1 billion ($1,178 million), thanks primarily to an increase in retained earnings due to the recording of net income in the fiscal year under review. Net assets per share as of March 31, 2014 increased ¥9.7 year on year to ¥203.03 ($1.97), while the equity ratio improved 0.5 percentage point year on year to 25.5%.

Cash Flows

Cash and cash equivalents on a consolidated basis as of March 31, 2014 increased ¥5.6 billion year on year to ¥41.6 billion ($404 million).

Net cash provided by operating activities was ¥18.1 billion ($176 million). This was primarily due to items such as income before income taxes and minority interests, and depreciation and amortization.

In the fiscal year under review, ¥19.0 billion ($186 million) net cash was used in investing activities. This was primarily due to payments for purchases of fixed assets. Net cash provided by financing activities was ¥5.8 billion ($56 million). In the fiscal year under review, ¥15.0 billion was financed through an issuance of convertible bond-type bonds with subscription rights to shares.

Outlook for Fiscal 2014

With regard to the Japanese economy for fiscal 2014, despite the risk of an economic downturn due to factors including the impact of the consumption tax rate hike and financial instability in China and other emerging nations, there is rising expectation of an economic recovery due to the pickup in exports associated with yen depreciation, and improvement in the employment and income environment.

Furthermore, with regard to demand for aluminum products, exports are expected to see a recovery backed by the weaker yen.

Based on the three-year Mid-Term Management Plan started in the year ended March 31, 2014, the Group has taken the transition to a holding company as an opportunity to strengthen collaboration within the Group and to boost the profitability of overseas sites. For the year ending March 31, 2015, we expect net sales of ¥410.0 billion, operating profit of ¥17.0 billion, ordinary profit of ¥15.0 billion, and net income of ¥10.0 billion. Net income per share is predicted to be ¥18.39, while cash dividends per share are predicted to be ¥4.0.

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31,		
	2013	2014	2014
Assets	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Current assets:			
Cash and deposits (Notes 4 and 7)	¥ 36,027	¥ 41,654	$ 404,722
Notes and accounts receivable – trade (Note 7)	114,906	119,503	1,161,125
Finished products	22,114	21,501	208,910
Work-in-progress, including costs related to construction-type contracts	15,202	14,756	143,373
Raw material and supplies	17,516	15,469	150,301
Deferred tax assets (Note 10)	4,312	4,507	43,791
Other current assets	8,884	10,505	102,070
Allowance for doubtful accounts	(1,313)	(1,088)	(10,571)
Total current assets	217,648	226,807	2,203,721
Property, plant and equipment (Note 6):			
Land	54,610	54,698	531,461
Buildings and structures	126,061	127,607	1,239,866
Machinery and equipment	254,487	259,352	2,519,938
Tools, furniture and fixtures	28,333	29,219	283,900
Construction-in-progress	3,934	4,096	39,798
Accumulated depreciation	(314,187)	(324,071)	(3,148,766)
Total property, plant and equipment	153,238	150,901	1,466,197
Intangible assets:			
Goodwill	1,944	1,262	12,262
Other intangible assets (Note 6)	4,394	3,760	36,533
Total intangible assets	6,338	5,022	48,795
Investments and other assets:			
Investment securities (Notes 5, 6 and 7)	26,369	34,460	334,823
Deferred tax assets (Note 10)	11,385	10,602	103,012
Other assets	5,262	5,222	50,738
Allowance for doubtful accounts	(454)	(476)	(4,624)
Total investments and other assets	42,562	49,808	483,949
Total assets	¥ 419,786	¥ 432,538	$ 4,202,662

Liabilities and net assets	March 31, 2013 (Millions of yen)	2014 (Millions of yen)	2014 (Thousands of U.S. dollars) (Note 2)
Current liabilities:			
Short-term borrowings (Notes 6 and 7)	¥ 64,689	¥ 62,217	$ 604,518
Current portion of long-term debt (Notes 6 and 7)	25,251	29,434	285,989
Notes and accounts payable – trade (Note 7)	62,266	63,279	614,837
Income taxes payable	1,802	2,287	22,221
Other current liabilities	28,165	24,303	236,135
Total current liabilities	182,173	181,520	1,763,700
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	103,943	110,968	1,078,197
Liabilities for retirement benefits (Note 9)	—	17,130	166,440
Accrued pension and severance costs (Note 9)	16,981	—	—
Deferred tax liabilities on land revaluation surplus (Notes 10 and 12)	452	452	4,392
Other long-term liabilities (Notes 6,7 and 10)	1,613	1,274	12,378
Total long-term liabilities	122,989	129,824	1,261,407
Total liabilities	305,162	311,344	3,025,107
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 2,000,000,000 shares			
Issued: 545,126,049 shares	39,085	39,085	379,761
Additional paid-in capital	11,179	11,179	108,618
Retained earnings	52,137	55,633	540,546
Treasury stock, at cost (1,247,069 shares in 2013 and 1,285,818 shares in 2014)	(104)	(110)	(1,069)
Total shareholders' equity	102,297	105,787	1,027,856
Accumulated other comprehensive income:			
Net unrealized gains on securities (Note 5)	1,504	2,399	23,309
Net unrealized gains on hedges (Note 13)	(23)	(10)	(97)
Revaluation surplus (Note 12)	145	145	1,409
Foreign currency translation adjustments	1,225	2,978	28,935
Remeasurements of defined benefits plans	—	(883)	(8,579)
Total accumulated other comprehensive income	2,851	4,629	44,977
Minority interests in consolidated subsidiaries	9,476	10,778	104,722
Total net assets	114,624	121,194	1,177,555
Contingent liabilities (Note 15)			
Total liabilities and net assets	¥419,786	¥432,538	$4,202,662

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

Consolidated Statements of Income

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31, 2013	March 31, 2014	2014
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Net sales	¥371,887	¥402,829	$3,914,001
Cost of sales (Note 14)	309,172	333,826	3,243,548
Gross profit	62,715	69,003	670,453
Selling, general and administrative expenses (Note 14)	54,561	56,386	547,862
Operating profit	8,154	12,617	122,591
Non-operating income:			
Interest income	69	72	700
Dividend income	257	753	7,316
Equity in earnings of affiliates	489	1,574	15,293
Foreign exchange gains	861	691	6,714
Rental income	730	628	6,102
Technical support fee	446	236	2,293
Other	1,170	1,049	10,192
Total non-operating income	4,022	5,003	48,610
Non-operating expenses:			
Interest expense	2,881	2,725	26,477
Other	2,422	2,165	21,036
Total non-operating expenses	5,303	4,890	47,513
Ordinary profit	6,873	12,730	123,688
Special gains:			
Gain on sales of fixed assets	6,274	—	—
Total special gains	6,274	—	—
Special losses:			
Loss on closing plant (Note 16)	—	996	9,677
Environmental expenses	2,060	744	7,229
Loss on disposal of fixed assets (Note 17)	—	612	5,946
Loss on impairment of fixed assets	1,319	—	—
Loss on corrective measures for product defects	326	—	—
Total special losses	3,705	2,352	22,852
Income before income taxes and minority interests	9,442	10,378	100,836
Income taxes (Note 10):			
Current	2,642	3,484	33,852
Deferred	2,368	406	3,945
	5,010	3,890	37,797
Income before minority interests	4,432	6,488	63,039
Minority interests in net income of consolidated subsidiaries	1,077	1,360	13,214
Net income	¥ 3,355	¥ 5,128	$ 49,825
	(Yen)		(U.S. dollars) (Note 2)
Per share of common stock (Note 18):			
Net income	¥ 6.17	¥ 9.43	$ 0.09
Cash dividends	3.00	4.00	0.04

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

Consolidated Statements of Comprehensive Income

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31,		
	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Income before minority interests	¥4,432	¥6,488	$63,039
Other comprehensive income			
Net unrealized gains on securities	350	876	8,511
Net unrealized losses on hedges	(26)	13	126
Foreign currency translation adjustments	1,899	1,223	11,884
Equity of other comprehensive income of affiliates	572	892	8,667
Total other comprehensive income (Note 8)	2,795	3,004	29,188
Comprehensive income	¥7,227	¥9,492	$92,227
Attributable to:			
Shareholders of the parent	¥5,772	¥7,789	$75,680
Minority interests	1,455	1,703	16,547
	¥7,227	¥9,492	$92,227

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

Consolidated Statements Of Changes In Net Assets

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	2013										
	Shareholders' equity				Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation surplus (Note 11)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Minority interests in consolidated subsidiaries	Total net assets
	(Millions of yen)										
Balance at April 1,2012	¥39,085	¥11,179	¥49,968	¥(199)	¥1,092	¥ 3	¥145	¥ (806)	¥ —	¥8,382	¥108,849
Net income			3,355								3,355
Cash dividends			(1,088)								(1,088)
Disposal of treasury stock			(98)	98							—
Net increase in treasury stock				(3)							(3)
Net unrealized gains on securities (Note 4)					412						412
Net unrealized losses on hedges						(26)					(26)
Foreign currency translation adjustments											2,031
Remeasurements of defined benefits plans											—
Net increase in minority interests in consolidated subsidiaries										1,094	1,094
Balance at March 31, 2013	¥39,085	¥11,179	¥52,137	¥(104)	¥1,504	¥(23)	¥145	¥1,225	¥ —	¥9,476	¥114,624

	2014										
	Shareholders' equity				Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation surplus (Note 11)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Minority interests in consolidated subsidiaries	Total net assets
	(Millions of yen)										
Balance at April 1,2012	¥39,085	¥11,179	¥52,137	¥(104)	¥1,504	¥(23)	¥145	¥1,225	¥ —	¥9,476	¥114,624
Net income			5,128								5,128
Cash dividends			(1,632)								(1,632)
Disposal of treasury stock											—
Net increase in treasury stock				(6)							(3)
Net unrealized gains on securities (Note 4)					895						895
Net unrealized losses on hedges						13					13
Foreign currency translation adjustments								1,753			1,753
Remeasurements of defined benefits plans									(883)		(883)
Net increase in minority interests in consolidated subsidiaries										1,302	1,302
Balance at March 31, 2013	¥39,085	¥11,179	¥55,633	¥(110)	¥2,399	¥(10)	¥145	¥2,978	¥(883)	¥10,778	¥121,194

	2014										
	Shareholders' equity				Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation surplus (Note 11)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Minority interests in consolidated subsidiaries	Total net assets
	(Thousands of U.S. dollars) (Note 2)										
Balance at April 1,2012	$379,761	$108,618	$506,578	$(1,010)	$14,613	$(223)	$1,409	$11,902	$ –	$92,072	$1,113,720
Net income			49,825								49,825
Cash dividends			(15,857)								(15,857)
Disposal of treasury stock											—
Net increase in treasury stock				(59)							(59)
Net unrealized gains on securities (Note 4)					8,696						8,696
Net unrealized losses on hedges						126					126
Foreign currency translation adjustments								17,033			17,033
Remeasurements of defined benefits plans									(8,579)		(8,579)
Net increase in minority interests in consolidated subsidiaries										12,650	12,650
Balance at March 31, 2013	$379,761	$108,618	$540,546	$(1,069)	$23,309	$ (97)	$1,409	$28,935	$(8,579)	$104,722	$1,177,555

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

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31, 2013	March 31, 2014	2014
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 9,442	¥10,378	$100,836
Depreciation and amortization	16,259	16,435	159,687
Loss on closing plant	—	996	9,677
Loss on disposal of fixed assets	—	612	5,946
Loss on impairment of fixed assets	1,319	—	—
Gain on sales of fixed assets	(6,274)	—	—
Increase (decrease) in allowance for doubtful accounts	11	(169)	(1,642)
Decrease in accrued pension and severance costs	(622)	—	—
Decrease in liability for retirement benefit	—	(744)	(7,229)
Interest and dividend income	(326)	(825)	(8,016)
Interest expense	2,881	2,725	26,477
Equity in earnings of affiliates	(489)	(1,574)	(15,293)
Decrease (increase) in notes and accounts receivable – trade	6,603	(4,264)	(41,430)
Decrease in inventories	3,612	3,571	34,697
Decrease in notes and accounts payable – trade	(9,357)	(132)	(1,283)
Other	320	(3,843)	(37,340)
Subtotal	23,379	23,166	225,087
Interest and dividend income received	567	1,037	10,076
Interest paid	(2,903)	(2,733)	(26,555)
Income taxes paid	(3,013)	(3,322)	(32,277)
Net cash provided by operating activities	18,030	18,148	176,331
Cash flows from investing activities			
Payments into time deposits	(70)	(51)	(496)
Proceeds from withdrawal of time deposits	119	59	573
Payments for purchases of fixed assets	(18,297)	(13,972)	(135,756)
Proceeds from sales of fixed assets	6,426	138	1,341
Payments for purchases of investment securities	(572)	(4,558)	(44,287)
Proceeds from sales of investment securities	74	45	437
Payments of loans receivable	(39)	(224)	(2,176)
Collection of loans receivable	34	31	301
Purchase of subsidiaries' share resulting in change in scope of consolidation	90	—	—
Other	(1,790)	(466)	(4,528)
Net cash used in investing activities	(14,025)	(18,998)	(184,591)
Cash flows from financing activities			
Net decrease in short-term borrowings	(3,364)	(3,063)	(29,761)
Proceeds from long-term debt	24,356	21,435	208,269
Repayments of long-term debt	(23,953)	(23,984)	(233,035)
Proceeds from issuance of bonds	—	15,000	145,744
Redemption of bonds	(1,128)	(173)	(1,681)
Proceeds from sale and lease-back transactions	1,569	—	—
Cash dividends paid	(1,085)	(1,622)	(15,760)
Cash dividends paid to minority interests	(280)	(460)	(4,469)
Other	(1,290)	(1,371)	(13,321)
Net cash (used in) provided by financing activities	(5,175)	5,762	55,986
Effect of exchange rate changes on cash and cash equivalents	678	723	7,025
Net (decrease) increase in cash and cash equivalents	(492)	5,635	54,751
Cash and cash equivalents at beginning of the year	36,454	35,962	349,417
Cash and cash equivalents at end of the year (Note 4)	¥35,962	¥41,597	$404,168

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

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

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

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

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

(c) Translation of foreign currencies

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

Assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Income statement accounts for the year are translated into Japanese yen using the average exchange rates during the year. The resulting translation adjustments are accounted for as foreign currency translation adjustments, except for the minority interest portion which is allocated to minority interests in consolidated subsidiaries.

(d) Cash and cash equivalents

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

(e) Inventories

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

(f) Investment securities

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

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

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

(g) Allowance for doubtful accounts

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

(h) Property, plant and equipment and depreciation

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

(i) Intangible assets

Intangible assets are amortized by the straight-line method over their respective estimated useful lives. Expenditure relating to computer software developed for internal use is charged to income as incurred, except in cases where it contributes to the generation of income or future cost savings. In these cases, it is capitalized and amortized using the straight-line method over its estimated useful life, which is no longer than 5 years.

(j) Retirement benefits

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

(k) Lease transactions

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

(l) Income taxes

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

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

(m) Derivatives

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

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

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

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

(n) Research and development costs

Research and development costs are charged to income as incurred.

(o) Appropriation of retained earnings

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

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

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

(p) Net income per share

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

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

(q) Reclassifications

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

2. ACCOUNTING CHANGE

Effective March 31, 2014, the Company and its consolidated subsidiaries adopted the accounting standard, Accounting Standards Board of Japan (ASBJ) Statement No. 26 "Accounting Standard for Retirement Benefits" and its application guidance, ASBJ Guidance No. 25 "Guidance on Accounting Standard for Retirement Benefits". By adopting the standard and guidance, the Company has changed its method and recognized the retirement benefit obligation less the pension plans as liability for retirement benefits and recorded unrecognized actuarial gain or loss and unrecognized past service cost.

The effects of this change for the year ended March 31, 2014, were to recognize liability for retirement benefits of ¥17,130 million ($166,440 thousand), decrease accumulated other comprehensive income by ¥883 million ($8,579 thousand), and increase minority interests in consolidated subsidiaries by ¥42 million ($408 thousand).

3. U.S. DOLLAR AMOUNTS

The rate of ¥102.92 = U.S.$1, the approximate exchange rate prevailing at March 31, 2014, has been used for the purpose of presenting the U.S. dollar amounts in the accompanying consolidated financial statements. These amounts are included solely for the convenience of the reader. Accordingly, they should not be construed as representations that yen amounts actually represent, or have been or could be readily converted, realized or settled in U.S. dollars at that rate.

4. CASH AND CASH EQUIVALENTS

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to cash and deposits disclosed in the accompanying consolidated balance sheets at March 31, 2013 and 2014 is summarized as follows:

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥36,027	**¥41,654**	**$404,722**
Time deposits with maturities in excess of 3 months	(65)	**(57)**	**(554)**
Cash and cash equivalents	¥35,962	**¥41,597**	**$404,168**

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, 2013 and 2014 was as follows:

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Cost	¥2,992	**¥2,823**	**$27,429**
Unrealized gains	2,182	**3,413**	**33,162**
Unrealized losses	(133)	**(83)**	**(806)**
Carrying amount	¥5,041	**¥6,153**	**$59,785**

(b) Sales of available-for-sale securities

The realized gains on sales of available-for-sale securities for the years ended March 31, 2013 and 2014 was as follows:

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Sales proceeds	¥74	**¥45**	**$437**
Realized gains on sales	9	**35**	**340**
Realized losses on sales	15	**5**	**49**

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2014 bore interest at annual rates ranging from 0.01% to 7.20% and mainly consisted of bank loans and short-term notes maturing at various dates within one year.

Long-term debt at March 31, 2013 and 2014 comprised the following:

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Loans, principally from banks and insurance companies due from 2014 to 2072 with interest rates ranging from 0.40% to 6.22%:			
Secured	¥ 10,901	¥ —	$ —
Unsecured	107,317	—	—
Loans, principally from banks and insurance companies due from 2015 to 2072 with interest rates ranging from 0.41% to 6.22%:			
Secured	—	¥8,691	$84,444
Unsecured	—	106,942	1,039,078
Convertible bonds due December 10, 2018 (*1)	—	15,000	145,744
Unsecured 2.70% bonds due March 29, 2072, redeemable before due date	3,200	3,200	31,092
Unsecured 1.03% bonds due September 30, 2014, redeemable before due date	2,000	2,000	19,433
Unsecured 1.50% bonds due June 1, 2017, redeemable before due date	564	618	6,005
Unsecured 1.04% bonds due November 29, 2013, redeemable before due date	93	—	—
Unsecured 1.14% bonds due November 28, 2013, redeemable before due date	80	—	—
Capital lease obligations due from 2014 to 2029 with interest rates ranging from 1.45% to 7.93%	5,039	3,951	38,390
	129,194	140,402	1,364,186
Less: portion due within one year	(25,251)	(29,434)	(285,989)
Total long-term debt	¥103,943	¥110,968	$1,078,197

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

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

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

	(Millions of yen)	(Thousands of U.S. dollars)
Property, plant and equipment	¥ 46,133	$ 448,241
Investment securities	67	651
Other intangible assets	385	3,741

The aggregate annual maturities of long-term debt outstanding at March 31, 2014 are summarized as follows:

Years ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2015	¥ 29,434	$ 285,989
2016	24,686	239,856
2017	22,235	216,042
2018	18,060	175,476
2019	32,643	317,169
Thereafter	13,344	129,654
	¥140,402	$1,364,186

7. FINANCIAL INSTRUMENTS

(a) Overview

1. Policy for financial instruments

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

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

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

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

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

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

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

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

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

(b) Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the consolidated balance sheets as of March 31, 2013 and 2014 and estimated fair value is as follows:

	2013		
	Carrying Value *1	Estimated Fair Value *1	Difference
		(Millions of yen)	
(1) Cash and deposits	¥ 36,027	¥ 36,027	¥ —
(2) Notes and accounts receivable – trade	114,906	114,906	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	3,681	1,324	(2,357)
Other securities	5,041	5,041	—
(4) Notes and accounts payable-trade	(62,266)	(62,266)	—
(5) Short-term borrowings *2	(64,689)	(64,689)	—
(6) Bonds	(5,937)	(5,953)	(16)
(7) Long-term borrowings *2	(118,218)	(119,134)	(916)
(8) Derivatives	(32)	(32)	—

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

The carrying value of financial instruments on the consolidated balance sheets as of March 31, 2013 and 2014 and estimated fair value is as follows:

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

	2014		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Thousands of U.S. dollars)		
(1) Cash and deposits	$ 404,722	$ 404,722	$ —
(2) Notes and accounts receivable – trade	1,161,125	1,161,125	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	40,284	15,293	(24,990)
Other securities	59,784	59,784	—
(4) Notes and accounts payable-trade	(614,837)	(614,837)	—
(5) Short-term borrowings *2	(604,518)	(604,518)	—
(6) Bonds	(202,274)	(195,132)	7,141
(7) Long-term borrowings *2	(1,123,523)	(1,126,661)	(3,138)
(8) Derivatives	(282)	(282)	—

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

Notes
1. Method for determining the estimated fair value of financial instruments and other matters related to securities and derivative transactions
   (1) Cash and deposits, (2) Notes and accounts receivable – trade
   Since these items are settled in a short period of time, their carrying value approximates fair value.
   (3) Investment securities
   The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, refer to Note 5 "Investment Securities."
   (4) Notes and accounts payable – trade, (5) Short-term borrowings
   Since these items are settled in a short period of time, their carrying value approximates fair value.
   (6) Bonds
   The fair value of bonds is based on the present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.
   (7) Long-term borrowings
   The fair value of long-term borrowings is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into.
   (8) Derivatives
   Refer to Note 13, "Derivatives" of the notes the consolidated financial statements.

2. Unlisted stock of ¥24,161 million ($234,755 thousand) as of March 31, 2014 is not included in "(3) Investment securities" because no quoted market prices are available and it is extremely difficult to measure the fair value.

3. The redemption schedule for receivables and marketable securities with maturities at March 31, 2013 and 2014 is as follows:

	2013			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Millions of yen)			
Cash and deposits	¥ 35,976	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	114,906	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	2	7	6	—
Corporate debt securities	—	10	—	—
	¥ 150,884	¥ 17	¥ 6	¥ —

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

	2014			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Thousands of U.S. dollars)			
Cash and deposits	$ 404,401	$ —	$ —	$ —
Notes and accounts receivable-trade	1,161,125	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	19	68	39	—
Corporate debt securities	—	97	—	—
	$1,565,545	$165	$ 39	$ —

4. The redemption schedule for bonds and long-term borrowings at March 31, 2013 and 2014 is as follows:

	2013		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds	¥ 173	¥ 2,564	¥ 3,200
Long-term borrowings	23,801	79,183	15,234
	¥ 23,974	¥ 81,747	¥ 18,434

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

	2014		
	Due within one year	Due after one year but within five years	Due after five years
	(Thousands of U.S. dollars)		
Bonds	$ 19,433	$151,749	$ 31,092
Long-term borrowings	256,354	775,496	91,673
	$275,787	$927,245	$122,765

8. OTHER COMPREHENSIVE INCOME

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Unrealized gains on securities:		
Amount arising during the year	¥1,335	$12,972
Reclassification adjustments for gains and losses realized in net income	2	19
Before-tax amount	1,337	12,991
Tax benefit	(461)	(4,480)
Net-of-tax amount	876	8,511
Unrealized losses on hedges:		
Amount arising during the year	(3)	(29)
Reclassification adjustments for gains and losses realized in net income	20	194
Before-tax amount	17	165
Tax benefit	(4)	(39)
Net-of-tax amount	13	126
Foreign currency translation adjustments:		
Amount arising during the year	1,223	11,884
Equity of other comprehensive income of affiliates:		
Amount arising during the year	892	8,667
Total other comprehensive income	¥3,004	$29,188

8. RETIREMENT BENEFIT PLANS

For the year ended March 31, 2014

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

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation at April 1, 2014	¥31,294	$304,061
Service cost	1,451	14,098
Interest cost	445	4,324
Actuarial gain or loss	(48)	(466)
Retirement benefits paid	(1,751)	(17,013)
Retirement benefit obligation at March 31, 2014	¥31,391	$305,004

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Plan assets at April 1, 2014	¥18,323	$178,031
Expected return on plan assets	254	2,468
Actuarial gain or loss	1,124	10,921
Employer contributions	1,952	18,966
Retirement benefits paid	(1,151)	(11,183)
Others	44	428
Fair value of plan assets at March 31, 2014	¥20,546	$199,631

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Liability for retirement benefits at April 1, 2014	¥6,532	$63,467
Retirement benefit expenses	694	6,743
Retirement benefits paid	(469)	(4,557)
Contributions for the plans	(472)	(4,586)
Liability for retirement benefits at March 31, 2014	¥6,285	$61,067

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Funded retirement benefit obligation	¥38,339	$ 372,513
Fair value of plan assets	(23,259)	(225,991)
	15,080	146,522
Unfunded retirement benefit obligation	2,050	19,918
Net liability for retirement benefits in the consolidated balance sheets	17,130	166,440
Liability for retirement benefits	17,130	166,440
Net liability for retirement benefits in the consolidated balance sheets	¥17,130	$ 166,440

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Service cost	¥1,451	$14,098
Interest cost	445	4,324
Expected return on plan assets	(254)	(2,468)
Amortization of unrecognized actuarial gain or loss	520	5,053
Amortization of prior service cost	(40)	(389)
Retirement benefit expenses on the simplified method	694	6,743
Retirement benefit expenses on the defined benefit plan	¥2,816	$27,361

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Unrecognized prior service cost	¥(330)	$(3,206)
Unrecognized actuarial gain or loss	1,203	11,689
Total	¥873	$8,483

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

	2014
	(Millions of yen)
General account	34%
Domestic bonds	17%
Domestic stocks	16%
Foreign stocks	15%
Foreign bonds	8%
Others	10%
Total	100%

The total fair value of plan assets includes 4% of the retirement benefit trust set to the corporate pension plan.

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

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

Discount rate	1.5%
Expected rate of return on plan assets	1.5%

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

	2014	
	(Millions of yen)	(Thousands of U.S. dollars)
Required contribution	¥2	$19

The Company and its domestic consolidated subsidiaries have defined benefit corporate 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. Some consolidated subsidiaries use the simplified method for calculation of projected benefit obligation. Certain foreign subsidiaries have defined contribution pension plans.

Accrued pension and severance costs at March 31, 2013 are summarized as follows:

	2013
	(Millions of yen)
Projected benefit obligation	¥(38,311)
Fair value of plan assets	18,808
	(19,503)
Unrecognized actuarial loss	2,892
Unrecognized prior service cost	(370)
Accrued pension and severance cost	¥(16,981)

The net pension and severance costs related to retirement benefits for the year ended March 31, 2013 are summarized as follows:

	2013
	(Millions of yen)
Service cost	¥2,142
Interest cost	513
Expected return on plan assets	(237)
Amortization of unrecognized actuarial gain	557
Amortization of prior service costs	(42)
Net pension and severance costs	¥2,933

Assumptions used in calculating the above information are summarized as follows:

	2013
Discount rate	Mainly 1.5%
Expected rate of return on plan assets	Mainly 2.0%
Method of attributing projected benefits to periods of employee service	Straight-line basis
Period of amortization of prior service costs	Mainly 15 years
Period of amortization of unrecognized actuarial gain	Mainly 12 years

10. INCOME TAXES

Significant components of deferred tax assets and liabilities at March 31, 2013 and 2014 were as follows:

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Tax loss carry forwards	¥20,062	¥19,614	$190,575
Accrued pension and severance costs	5,934	—	—
Net defined benefit liabilities	—	5,943	57,744
Unrealized intercompany loss	3,254	3,254	31,617
Allowance for doubtful accounts	1,893	1,840	17,878
Accrued bonuses	1,833	1,812	17,606
Loss on disposal of fixed assets	931	918	8,920
Other	9,076	9,377	91,109
Total deferred tax assets	42,983	42,758	415,499
Valuation allowance	(23,758)	(23,942)	(232,627)
Total deferred tax assets, net of valuation allowance	19,225	18,816	182,822
Deferred tax liabilities:			
Unrealized gain on securities	(485)	(1,187)	(11,533)
Revaluation gain on subsidiaries	(1,134)	(1,134)	(11,018)
Unrealized intercompany profit	(1,061)	(1,061)	(10,309)
Negative Goodwill	(842)	(390)	(3,789)
Other	(583)	(417)	(4,052)
Total deferred tax liabilities	(4,105)	(4,189)	(40,702)
Net deferred tax assets	¥15,120	¥14,627	$142,120

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

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets (current assets)	¥4,312	¥4,507	$43,791
Deferred tax assets (investments and other assets)	11,385	10,602	103,012
Other long-term liabilities	(577)	(482)	(4,683)

In addition to the above, the Company recorded deferred tax liabilities on land revaluation surplus of ¥452 million and ¥452 million ($4,392 thousand) at March 31, 2013 and 2014 separately.

A reconciliation of the differences between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2013 was summarized as follows:

	2013	2014
Statutory income tax rate	38.0%	—
Increase (decrease) in taxes resulting from:		
Valuation allowance	56.0	
Amortization of goodwill	3.4	
Permanent non-deductible expenses	2.2	
Inhabitant taxes per capita	1.6	
Effect of unrealized profit	(28.9)	
Unrealized intercompany profit and loss	(13.9)	
Equity in earnings of affiliates	(2.0)	
Non-taxable dividend income	(1.0)	
Other	(2.3)	
Effective income tax rate	53.1%	

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

The "Act for Partial Amendment of the Income Tax Act, etc." (ACT No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014. In addition, the "ACT for Partial Amendment of the Local Tax Act, etc." (Act No. 11 of 2014) were promulgated on March 31, 2014, and the Company is subject to the amended Local Corporate Tax effective for fiscal years beginning on or after April 1, 2015.

As a result, the statutory income tax rate used to measure the Company's deferred tax assets and liabilities was changed from 38.0% to 35.6% for the temporary difference expected to be realized or settled from fiscal years beginning April 1, 2014. The effect of this reduction is immaterial.

11. APPROPRIATIONS OF RETAINED EARNINGS

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 25, 2014:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends	**¥2,176**	**$21,143**

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

12. REVALUATION SURPLUS

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

13. DERIVATIVES

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

14. NOTES TO CONSOLIDATED STATEMENT OF INCOME

Inventories

The amount of inventories written down due to a decline in profitability for the years ended March 31, 2013 and 2014 was \301 million and \227 ($2,206 thousand), respectively which is included in cost of sales.

Selling, general and administrative expenses

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Freight charges	¥10,131	**¥11,142**	**$108,259**
Salaries, allowances and bonuses	15,797	**16,412**	**159,464**

Research and Development

Research and development costs charged to cost of sales and selling, general and administrative expenses for the years ended March 31, 2013 and 2014 was ¥5,063 million and ¥4,984 ($48,426 thousand), respectively.

Gain on sales of fixed assets

	2013	2014	2014
	(Millions of yen)		(Thousands of U.S. dollars)
Land	¥6,274	**¥—**	**$—**

15. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2014 amounted to ¥540 million ($5,247 thousand) for loans guaranteed and other guarantees given in the ordinary course of business.

16. LOSS ON IMPAIRMENT OF FIXED ASSETS

The domestic consolidated subsidiaries recognized ¥1,319 million ($14,024 thousand) of loss on impairment of fixed assets, of which the significant items for the year ended March 31, 2013 were as follows:

2013

Location	Major use	Asset category	(Millions of yen)	(Thousands of U.S. dollars)
Higashiomi City, Shiga Prefecture	Operating assets	Buildings and structures	¥677	$7,198
		Machinery and equipment	3	32
Shizuoka City, Shizuoka Prefecture	Operating assets	Machinery and equipment	¥177	$1,882
		Buildings and structures	175	1,861
		Construction-in-progress	49	521
		Tools, furniture and fixtures	0	0

The domestic consolidated subsidiaries recognized an impairment loss of ¥680 million ($7,230 thousand) for the operating assets in Higashiomi City, Shiga Prefecture. The recoverable amount of the assets group is measured at net selling price and the net selling price is evaluated by estimated amount of disposal.

The domestic consolidated subsidiaries recognized an impairment loss of ¥401 million ($4,264 thousand) for the operating assets in Shizuoka City, Shizuoka Prefecture and the carry amounts of the relevant assets were written down to the memorandum value. Because the assets were quiescent due to change to manufacturing process to product aluminum hydroxide and alumina from bauxite as main raw material from manufacturing process to product alumina from aluminum hydroxide as main raw material.

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

The domestic consolidated subsidiaries recognized ¥412 million ($4,003 thousand) of loss on impairment of fixed assets included in loss on closing plant in the consolidated statements of income, of which the significant items for the year ended March 31, 2014 were as follows:

2014

Location	Major use	Asset category	(Millions of yen)	(Thousands of U.S. dollars)
Higashiomi City, Shiga Prefecture	Operating assets	Buildings and structures	¥ 165	$1,603
		Machinery and equipment	108	1,049
Shizuoka City, Shizuoka Prefecture	Operating assets	Buildings and structures	¥ 132	$1,283
		Machinery and equipment	7	68
		Tools, furniture and fixtures	0	0

The domestic consolidated subsidiaries recognized an impairment loss of ¥273 million ($2,652 thousand) for the aluminum electrolytic business in Shizuoka City, Shizuoka Prefecture and the carry amounts of the relevant assets were written down to the memorandum value because of exiting from its business.

The domestic consolidated subsidiaries recognized an impairment loss of ¥139 million ($1,351 thousand) for the operating of the secondary aluminum alloy business in Fukuroi City, Shizuoka Prefecture and carry amounts of the relevant assets were written down to the memorandum value because the plant has exited from the business.

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

17. LOSS ON DISPOSAL OF FIXED ASSETS

	2013	**2014**	**2014**
	(Millions of yen)		(Thousands of U.S. dollars)
Software	¥—	**¥612**	**$5,946**

18. NET INCOME PER SHARE

Net income per share for the years ended March 31, 2013 and 2014 was summarized as follows:

	2013		
	Net income	Weighted average number of shares	Net income per share
	(Millions of yen)	(Thousands of shares)	(Yen)
Net income	¥3,355	543,889	¥6.17

	2014			
	Net income	Weighted average number of shares	Net income per share	
	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
Net income	¥5,128			
Basic net income	5,128	543,865	¥9.43	$0.09
Effect of convertible bonds	—	23,219		
Diluted net income	¥5,128	567,084	¥9.04	$0.09

Diluted net income was not presented because there were no bonds to be converted to shares for the year ended March 31, 2013.

19. SEGMENT INFORMATION

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

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

The "Aluminum ingot and chemicals" segment supplies aluminum primary and remelted ingot used for various industrial materials, and produces a wide spectrum of alumina and alumina hydrates ranging from raw materials to basic materials for ceramic compounds. The "Aluminum sheet and extrusions" segment produces sheet, coil, and extrusion products consisting primarily of shapes, tubes and rods. The "Fabricated products and others" segment produces a variety of products which include wing bodies for transport vehicles, automobile components and electronic materials. The "Aluminum foil, powder and paste" segment produces aluminum foil and aluminum powder used for various fields, such as daily necessaries, energy, electronics and automobile. "Corporate items" includes unallocated operating expenses and corporate assets not specifically related to reportable segments.

Reportable segment information for the years ended March 31, 2013 and 2014 was as follows:

	2013					
	The reportable segments					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste	Adjustment (Note 1)	Consolidated
	(Millions of yen)					
Net sales						
Customers	¥ 93,902	¥ 63,161	¥ 126,218	¥ 88,606	¥ —	¥ 371,887
Intersegment	35,678	17,841	8,772	648	(62,939)	—
Total	129,580	81,002	134,990	89,254	(62,939)	371,887
Operating profit	¥ 3,273	¥ 1,675	¥ 6,974	¥ (771)	¥ (2,997)	¥ 8,154
Segment assets	¥ 108,331	¥ 75,412	¥ 127,241	¥ 106,968	¥ 1,834	¥ 419,786
Depreciation and amortization	¥ 3,781	¥ 3,905	¥ 3,217	¥ 5,255	¥ 101	¥ 16,259
Amortization of goodwill	¥ —	¥ —	¥ —	¥ 834	¥ —	¥ 834
Loss on impairment of fixed assets	¥ 406	¥ 680	¥ 140	¥ 93	¥ —	¥ 1,319
Capital expenditures	¥ 3,955	¥ 4,543	¥ 3,159	¥ 5,175	¥ 289	¥ 17,121

(Note 1).Adjustments amounts are as follows.

1)Adjustments of ¥(2,997) million ($(31,867) thousands) in segment profit are general corporate expenses.

2)Adjustments of ¥1,834 million ($19,500 thousands) in segment assets include ¥(21,127) million ($(224,636) thousands) in the elimination of transactions between segments and ¥22,961 million ($244,136 thousands) in corporate assets.

3)Adjustments of ¥101 million ($1,074 thousands) in depreciation and amortization expenses have primarily to do with corporate assets.

4)Adjustments of ¥289 million ($3,073 thousands) for capital expenditures are the increase in corporate assets.

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

	2014					
	The reportable segments					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste	Adjustment (Note 1)	Consolidated
	(Thousands of U.S. dollars)					
Net sales						
Customers	$1,024,951	$ 692,518	$1,285,086	$ 911,446	$ —	$3,914,001
Intersegment	379,557	187,262	98,756	5,257	(670,832)	—
Total	1,404,508	879,780	1,383,842	916,703	(670,832)	3,914,001
Operating profit	$ 28,342	$ 25,923	$ 70,190	$ 28,071	$ (29,935)	$ 122,591
Segment assets	$1,107,452	$ 849,874	$1,285,999	$ 956,315	$ 3,022	$4,202,662
Depreciation and amortization	$ 40,381	$ 39,001	$ 32,025	$ 46,813	$ 1,467	$ 159,687
Amortization of goodwill	$ —	$ —	$ —	$ 6,627	$ —	$ 6,627
Loss on impairment of fixed assets	$ 4,003	$ —	$ —	$ —	$ —	$ 4,003
Capital expenditures	$ 30,519	$ 40,449	$ 31,549	$ 30,635	$ 2,886	$ 136,038

(Note 1).Adjustments amounts are as follows.

1)Adjustments of ¥(3,081) million ($(29,935) thousands) in segment profit are general corporate expenses.

2)Adjustments of ¥311 million ($3,022 thousands) in segment assets include ¥(32,023) million ($(311,145) thousands) in the elimination of transactions between segments and ¥32,334 million ($314,167 thousands) in corporate assets.

3)Adjustments of ¥151 million ($1,467 thousands) in depreciation and amortization expenses have primarily to do with corporate assets.

4)Adjustments of ¥297 million ($2,886 thousands) for capital expenditures are the increase in corporate assets.

Geographical sales for the years ended March 31, 2013 and 2014 was summarized as follows:

2013			2014			2014		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥309,449	¥62,438	¥371,887	¥335,035	¥67,794	¥402,829	$3,255,295	$658,706	$3,914,001

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

2014			2014		
Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Thousands of U.S. dollars)		
¥135,067	¥15,834	¥150,901	$1,312,349	$153,848	$1,466,197

As more than 90% of property, plant and equipment at March 31, 2013 was in Japan, the disclosure of geographical property, plant and equipment information has been omitted.

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

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

June 25, 2014
Tokyo, Japan

Ernst & Young ShinNihon LLC

OVERSEAS SUBSIDIARIES AND AFFILIATES

North America

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

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

Europe

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

East Asia

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

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

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

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

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

Toyal Zhaoqing Co., Ltd.
Zhaoqing, China
Phone: 86-758-3602-080
Aluminum paste
(90%)

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

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

Southeast Asia

Nikkei MC Aluminum (Thailand) Co., Ltd.
Thailand
Phone: 66-38-5716-70
Aluminum alloys
(79%)

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

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

(As of July 31, 2014)

Directors

President

Representative Director

Takashi Ishiyama

Directors

Ichiro Okamoto

President and CEO of Nippon Light Metal Co., Ltd

Makoto Fujioka

Toshihide Murakami

Yasunori Okamoto

Mikio Shimizu

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

Masao Imasu

Hiroshi Yamamoto

President and CEO of Toyo Aluminium K.K.

Koji Ueno

President and CEO of Nippon Fruehauf Co., Ltd.

Hiroyasu Hiruma

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

Masato Ono*[1]

Ryoichi Hayashi*[1]

*[1] Outside Director

Audit & Supervisory Board Member

Tadashi Asahi

Nobuo Matsumoto

Toshio Yamagishi

Yuzuru Fujita*[2]

Katsuo Wajiki*[2]

Yasuo Yuki*[2]

*[2] Outside Member

Officers

Takashi Hara

Masamichi Ueda

Hirokazu Takatoku

Minoru Sotoike

Hideki Amimura

Takayuki Tsuchida

(As of June 25, 2014)

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Established

October 1. 2012

Paid-In Capital

¥39,085 million

Shares of Common Stock

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

Number of Shareholders

53,994

Stock Exchange Listings

Tokyo

Transfer Agent of Common Stock

The Mitsui Sumitomo Trust & Banking Co., Ltd.

Last Shareholders' Meeting

June 25, 2014

Major Shareholders

The Master Trust Bank of Japan, Ltd.
(trust accounts)(4.5%)

(Ratio of Stock Holding)
Japan Trustee Services Bank, Ltd.
(trust accounts)(4.0%)

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

Nikkei-Keiyu-Kai
(2.9%)

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

Asahi Mutual Life Insurance Co.
(2.3%)

Mizuho Bank, Ltd.
(2.1%)

Hiroshi Tsunoda
(2.1%)

Sumitomo Mitsui Trust Bank, Ltd.
(1.7%)

Retirement Benefit Trust in Mizuho Trust & Banking C0., Ltd. Mizuho Bank, Ltd. account; Trust & Custody Services Bank, Ltd. as a Trustee of Retrust
(1.6%)

(As of March 31, 2014)

Cautionary Statement

This annual report contains various projections and estimates. Important factors that could alter these projections and estimates include changes in the balance of aluminum supply and demand, fluctuations in the price of aluminum ingot and foreign exchange rates, as well as shifts in Japanese government policies and regulations. The Company cautions, therefore, that the projections and estimates contained herein involve risk and uncertainty, and that actual results could differ materially from those expressed or implied.

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