ANNUAL REPORT 2012

Year ended March 31, 2012

NIPPON LIGHT METAL 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.

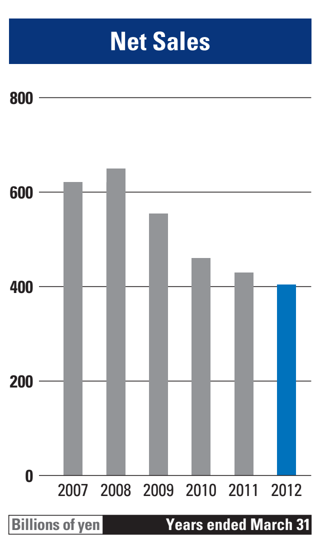
Aluminum has properties that make it a superb industrial material: it is lightweight and has excellent processability, corrosion resistance, thermal conductivity, and recyclability. Nippon Light Metal applies its core strengths — a wealth of knowledge about aluminum and its characteristics and technological 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.

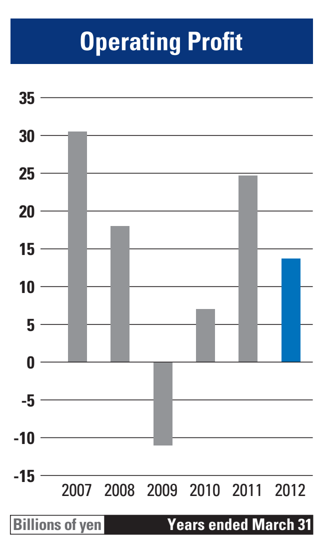
By carrying on development of new applications for aluminum and aluminum materials, the NLM Group is to continue to support customers in wide-ranging industrial sectors and contribute to improving the quality of people's lives and protection of the environment.

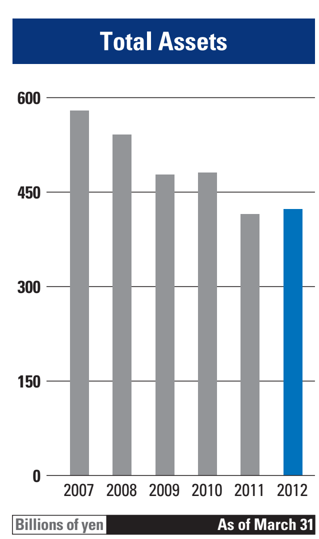
Consolidated Financial Highlight

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

	2011	2012	2012
	Millions of yen		Thousands of U.S. dollars
For the year:			
Net sales	¥429,433	¥403,009	$4,903,382
Operating profit	24,724	13,665	166,261
Net income	11,040	2,856	34,749
At year-end:			
Total assets	414,885	422,671	5,142,609
Net assets	104,757	108,849	1,324,358
Short-term borrowings and long-term debt, including bonds and capital lease obligation	193,695	191,074	2,324,784





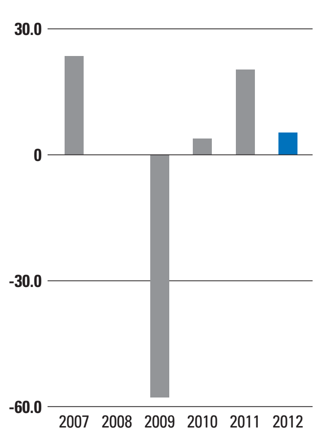


Contents

	2011	2012	2012
	yen		U.S. dollars
Per share data (yen and dollars):			
Net income —basic	¥ 20.29	¥ 5.25	$ 0.06
—diluted	—	—	—
Cash dividends	2.00	2.00	0.02
Net assets	181.51	184.71	2.25
Stock information (TSE) (yen and dollars):			
Stock price:			
High	¥ 189	¥ 172	$ 2.09
Low	96	89	1.08

Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥82.19 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

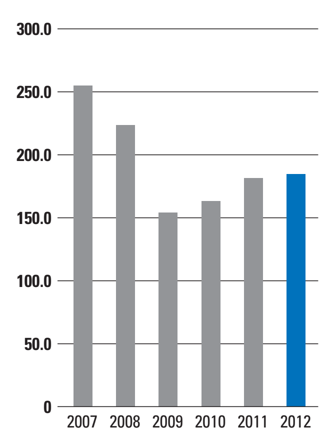
Net Income per Share



Yen | Years ended March 31

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

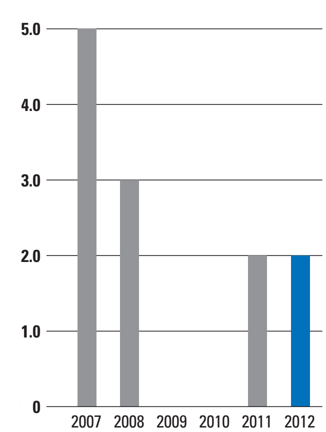
Net Assets per Share



Yen | Years ended March 31

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

Cash Dividends per Share



Yen | As of March 31

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 Company, Ltd. and its consolidated group companies for fiscal 2011 (the year from April 1, 2011, to March 31, 2012).

Overview of Fiscal 2011

During the year under review, in the aluminum market, shipments of automobile-related products, which were extremely low at the start of the year due to the impact of the Great East Japan Earthquake, began to recover. Construction-related demand also surpassed that of the previous year, but exports fell due to the global economic slowdown, resulting in a slight overall decrease compared to the previous year.

Given these circumstances, the Group carried out many measures for strengthening our earnings base based on the three-year Mid-Term Management Plan now in its second year. The Group worked to reinforce the industry-leading business infrastructure by investment for switching the raw material used by the Aluminum Ingot and Chemicals segment from bauxite to aluminum hydroxide, while actively expanding sales of high value added products by increasing production of high-purity alumina for LED sapphire substrates and developing lithium ion battery-related materials.

For development of overseas business operations, the Group steadily established a foundation for future sustainable growth, including the creation of joint ventures engaged in trailer business and automotive parts business in China, and the construction of a new plant in Thailand for manufacturing room air conditioner condensers.

The Group also promoted thorough efficiency improvements and rationalization in all of its business activities and diligently engaged in sales activities.

However, the drop in demand resulting from the earthquake has not completely recovered, and as a result, consolidated net sales for the year under review decreased 6.2% year on year, to ¥403.0 billion.

Consolidated operating profit, consolidated ordinary profit, and consolidated net income decreased 44.7%, 47.6%, and 74.1% year on year, to ¥13.7 billion, ¥9.7 billion, and ¥2.9 billion, respectively.

Year-end dividend payment for the year under review will be ¥2 per share, the same as the previous year. We ask for the understanding of all of our shareholders.

Overview by Business Segment

Sales in the Aluminum Ingot and Chemicals segment decreased 7.3% year on year, to ¥99.6 billion, while operating profit decreased 22.9% year on year, to ¥5.2 billion, due mainly to flagging aluminum exports caused by the ongoing record appreciation of the yen, in addition to the drop in overall demand resulting from the earthquake and subsequent planned power outages.

Sales in the Aluminum Sheet and Extrusions segment decreased 9.0% year on year, to ¥70.6 billion, while operating profit decreased 69.1% year on year, to ¥1.6 billion. Revenue and profits fell for the Aluminum Sheet operations due to decreased demand resulting from the earthquake and higher material and fuel costs. Domestic sales rose for the Extrusions operations, but declining sales of automobile-related parts in China resulted in increased revenue and decreased profits.

Sales in the Fabricated Products and Others segment increased 0.03% year on year, to ¥128.0 billion, while operating profit increased 21.4% year on year, to ¥6.4 billion. Demand for the van and truck outfitting business sector has recovered since June of the previous year, and sales became equivalent to those of the previous year. Furthermore, the Panel System sector saw significant revenue growth. Profits improved thanks to efforts in each sector to increase sales of high value added products and to reduce costs.

Sales in the Aluminum Foil, Powder and Paste segment decreased 10.0% year on year, to ¥104.8 billion, while operating profit decreased 66.8% year on year, to ¥3.4 billion. Revenue increased for the Paste sector, but fell for the Aluminum Foil and Electronic Functional Materials sectors. In terms of profit and loss, sales volume fell suddenly for mainstay back-sheets and functional ink for solar cells, resulting in reduced profits.

Key Topics during Fiscal 2011

In October of last year, the Company and its subsidiary, Nippon Fruehauf Co., Ltd., formed a joint venture, Shangdong Conglin Fruehauf Automobile Co., Ltd. (hereinafter referred to as "Conglin Fruehauf"), which engages in trailer manufacturing and sales, together with two companies in the ITOCHU Group and Conglin Group Co., Ltd. of China. Currently in China, demand is greater for high capacity trailers than for trucks, but there are increasing demands for fuel cost reductions and delivery quality equivalent to that of Japan, producing an increase in needs for high-function vehicles. This joint venture combines the outfitting technologies of Nippon Fruehauf Co., Ltd. with marketing activities exploiting the ITOCHU Group's network to expand the business.

Also in October of last year, a room air conditioner condensers manufacturing plant was completed in Thailand. Demand for household room air conditioners is growing in Southeast Asia, and this business sector will be developed into one of the Group's core businesses.

Nikkeikin Aluminium Core Technology Co., Ltd., a subsidiary in the Group, which already has automobile component manufacturing sites in Shenzhen and Shanghai, China, established a third site in China, Shandong Nikkei Conglin Automotive Parts Co., Ltd. The company, in addition to manufacturing automotive parts, supplies extruded aluminum components to said Conglin Fruehauf, which manufactures and sells trailers.

Outlook for Fiscal 2012

Against the promising backdrop of a recovery in personal spending and economic recovery in the U.S. and Asia, the Japanese economy is expected to move towards a gradual recovery for the next fiscal year. With regards to demand for aluminum products, it is expected that transport-related products will continue to perform strongly, and that electrical and electronics products have passed their nadir and will gradually recover. Performance is forecast to surpass that of the previous year.

Based on the Basic Policies of the Mid-Term Management Plan, the Group will steadily move forward with business development both in Japan and abroad. The Group will also reinforce industry-leading businesses, accelerate development of overseas business operations, and strengthen profitability in every business segment, especially in the automotive, electrical and electronics, and environmental, safety, and energy fields.

In June of this year, we received authorization at the General Meeting of Shareholders for transition to a pure holding company format commencing from October of this year.

Even under this new corporate format, the Group will combine its strengths to respond to increasingly advanced and diverse needs and provide support to a range of industrial fields, contributing to improvements in peoples' lives. Led by the holding company's management strategies and efficient distribution of management resources, the Group will strive for sustainable development and increased corporate value.

The next fiscal year is projected to register net sales of ¥400.0 billion, operating profit of ¥17.5 billion, and ordinary profit of ¥14.0 billion.

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

June 2012

Takashi Ishiyama

Takashi Ishiyama
President and CEO

Takashi Ishiyama, President and CEO

1. What is your assessment of the second year of the Mid-Term Management Plan?

The year ended March 31, 2012 featured a harsh external business environment, including the continued impact of the Great East Japan Earthquake, reduced exports due to appreciation of the yen caused by the financial crisis in Europe, and continuing economic stagnation in the U.S., plus the heavy flooding in Thailand from summer onwards.

However, one of the positive results for the year ended March 31, 2012 was that profit and loss management on an individual product basis has become well-established across the Company. The NLM Group is currently performing profit and loss management for almost 1,000 products and is constantly checking which products are profitable and which are not.

Our ability to maintain stable business results amidst this harsh business climate is a result of our individual product profit and loss management.

2. "Overseas business development" is one of the pillars of the Mid-Term Management Plan. Have overseas businesses been producing steady revenues?

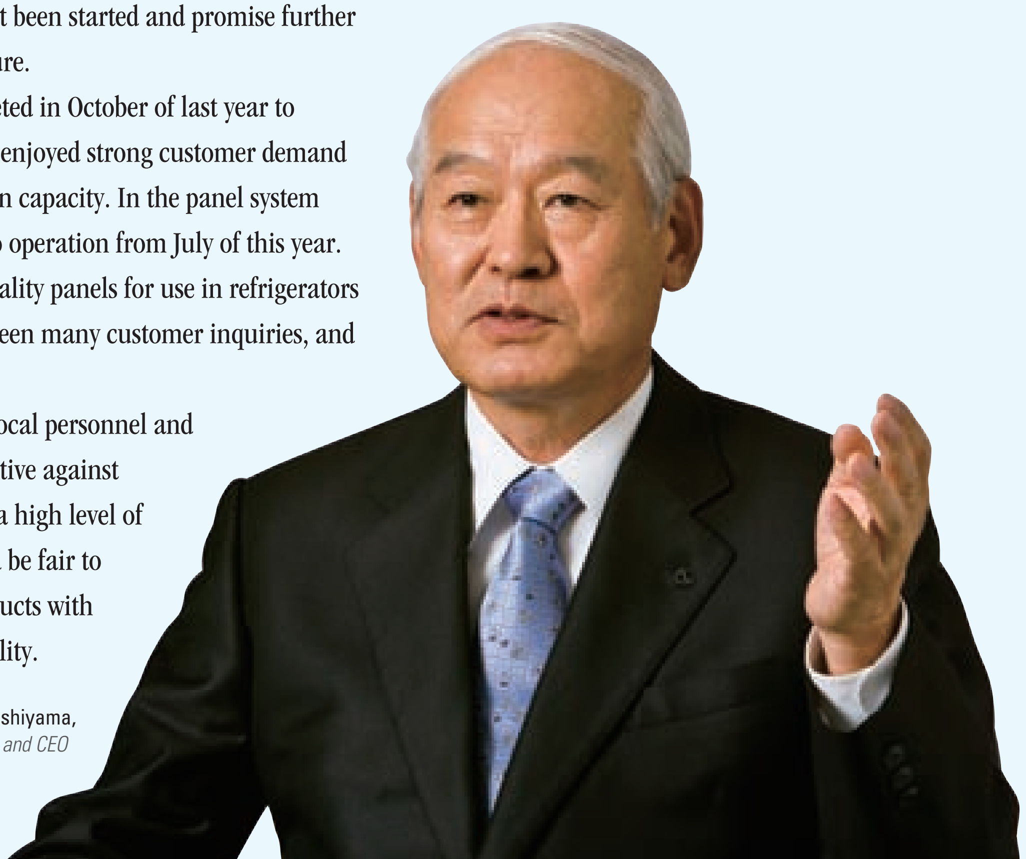
All of our overseas businesses have turned a profit and, in fact, have higher profit margins than our domestic businesses.

For example, Nikkeikin Aluminium Core Technology Co., Ltd. has plants in Shenzhen and Shanghai, China, both of which are maintaining a high profit margin.

Toyo Aluminium K.K. also has plants in Zhaoqing and Ningxiang, China, both of which are doing well despite having just been started and promise further profit margin improvements in the future.

In Thailand, a new plant was completed in October of last year to handle heat exchanger business. It has enjoyed strong customer demand and has already expanded its production capacity. In the panel system business sector, a new plant will go into operation from July of this year. In Southeast Asia there are few high quality panels for use in refrigerators or clean rooms, so there have already been many customer inquiries, and heavy demand is expected.

Our overseas business activities use local personnel and local materials, making them cost effective against local competitors. The NLM Group has a high level of technical expertise, so I believe it would be fair to say that we will succeed if we offer products with equivalent price levels but superior quality.


Takashi Ishiyama,
President and CEO

3. What was the progress of "reinforcement of industry-leading businesses" during the year ended March 31, 2012?

First, with regards to the alumina business sector, the raw material switchover will be completed this summer, putting in place our alumina and aluminum hydroxide sales expanding system.

Within this sector, we have invested in our Shimizu Plant to expand production capacity for high-purity alumina used for LED sapphire substrates, for which there is growing demand for use in lighting and LCD panels. The plant's production capacity has been raised from 300 metric tons per year to 1,000 metric tons per year. There are only a limited number of manufacturers worldwide that can supply high-grade, high-purity alumina. In addition to considering further facility expansion in the medium- to long-term, we are also engaged in developing high bulk density products which increase user production efficiency.

In the aluminum foil and paste business sector, Toyo Aluminium K.K., following its paste business sector efforts last year, worked to increase its competitive power and brand strength in the aluminum foil business sector as well by reaching a basic agreement to buy out SUN-ALUMINIUM IND., LTD., a subsidiary of Kobe Steel, Ltd., which handles household aluminum foil products. It also launched new, high value added products, such as "ToyalPass" in the capacitor foil business sector, and "Chromashine (an interference color aluminum)" in the paste product sector.

It also developed and launched reduced cost back-sheets and electrode inks in the solar cell-related product sector.

The Group's van and truck outfitting business activities were previously domestic only, but we have made tremendous advances and plan to begin mass production of trailers in China starting this summer through "Shangdong Conglin Fruehauf Automobile Co., Ltd.," our joint venture with the ITOCHU Group and others.

4. How is "development of applications and creation of new products by exploiting research and development capabilities" progressing?

One type of product which we anticipate greater sales of in the future is automobile suspension components. These must be extremely strong, so there has been competition in developing them, not merely in the form of component design and alloy development, but comprehensive strengths such as heat treatment and manufacturing processing as well. We are starting to receive orders for the forged products we developed by working together with research labs.

Sales are also increasing of plates for automobile heat exchangers using FLEXCASTER, a unique technology of ours, and battery cables for hybrid vehicles.

We are also dedicating ourselves to lithium ion battery materials (case materials, outer cover foil, positive electrode materials, negative electrode materials, and separators) for home and vehicle use, of which significant future growth is expected. Sales of our outer cover foil are already steadily rising for use in electric vehicles and the like, and there are also some other materials for which orders have officially been received.

5. What issues are you facing with regards to medium- to long-term growth?

We are currently devoting our efforts to overseas development, so first we must produce steady revenue in the regions and fields we have moved into. Our greatest challenge is the cultivation of personnel who can manage overseas business. Our sales, development, and manufacturing work together as one in developing business segments and carrying out profit and loss management, led by our "develop, produce and sell" approach. We would like to send overseas the personnel whose management skills have been cultivated in Japan through this approach.

We also provide a variety of training and learning opportunities in order to cultivate our employees. Specifically, this includes promoting active participation in external management cultivation training, and holding hands-on sales presentations, technical presentations by research labs, and Toyota Production System explanatory sessions. We are also active in utilizing female employees and hiring foreign employees.

In the future, I would like to take supportive approach through defensive measures, such as reducing sales, general and administrative expenses and inventories and improving our financial standing.

6. Finally, do you have a message you wish to relay to shareholders and other stakeholders?

The NLM Group has built up a wide range of technologies and expertise relating to aluminum, from materials to processing. By fusing this knowledge and expertise, we would like to expand the number of applications of this environmentally friendly metal, continue developing new next generation products, and, through provision of environmentally friendly products and services, contribute to the creation of a sustainable society and the conservation of the global environment.

We will also take the lessons we have learned from the Great East Japan Earthquake to strengthen our risk management approach, including our BCP (Business Continuity Plan), and enrich our internal control system.

Steadily implementing these measures, we will work to create a corporate group which offers even greater corporate value. We would like to ask for the continuing support of our shareholders in these efforts.

Nippon Light Metal to switch to a holding company format from October 2012

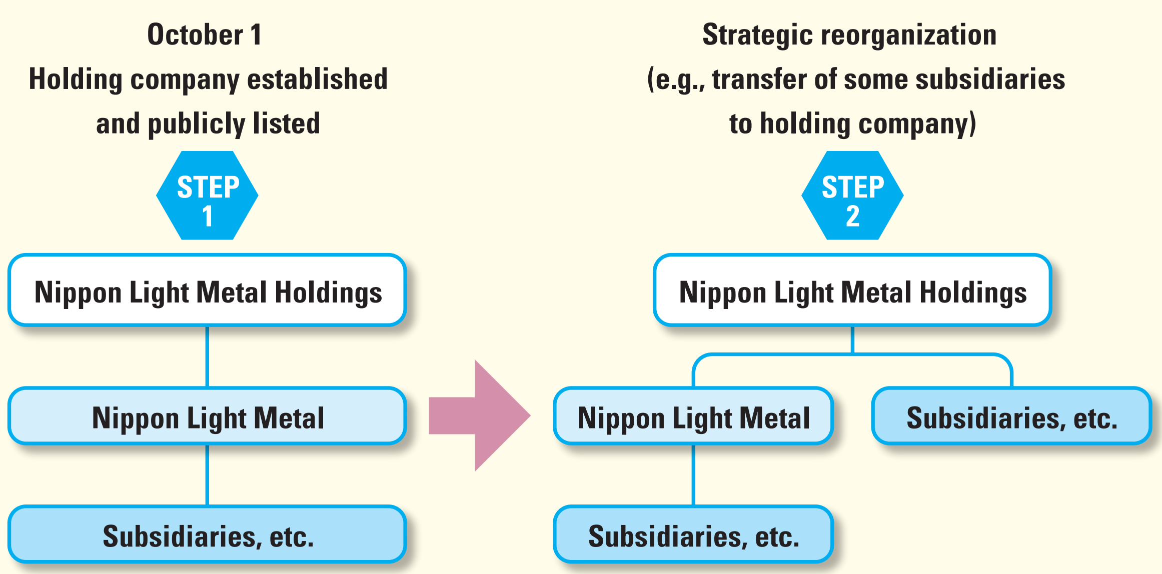
As authorized at the General Meeting of Shareholders in June of this year, the Company will switch to a pure holding company format from October of this year.

Currently, sales of subsidiaries and affiliates within the Group are about three times greater than those of the Company itself. Our subsidiaries account for this large percentage of total sales due not only to the splitting-off of some business segments into their own companies, but also to large amounts of growth in overseas subsidiaries in China, Southeast Asia, etc. This trend is expected to continue.

Therefore, in order for the Group to maintain sustained development and further improve its corporate value, it is vital that the Group's format be changed from the current condition, in which business segments are split between the Company and its subsidiaries, to a consolidated management structure in which management and execution are more distinctly separated.

The newly established Nippon Light Metal Holdings Company, Ltd. will handle management strategy creation functions, led by its new corporate governance structure as a company which presides over the entire Group.

After the transition to the holding company format in October, strategic reorganization will be rapidly implemented, taking into consideration the business characteristics of each Group company, their market environments, etc., to put in place a corporate organization capable of dynamically responding to the markets, and promoting future growth strategy.



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 11 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 2011.

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.

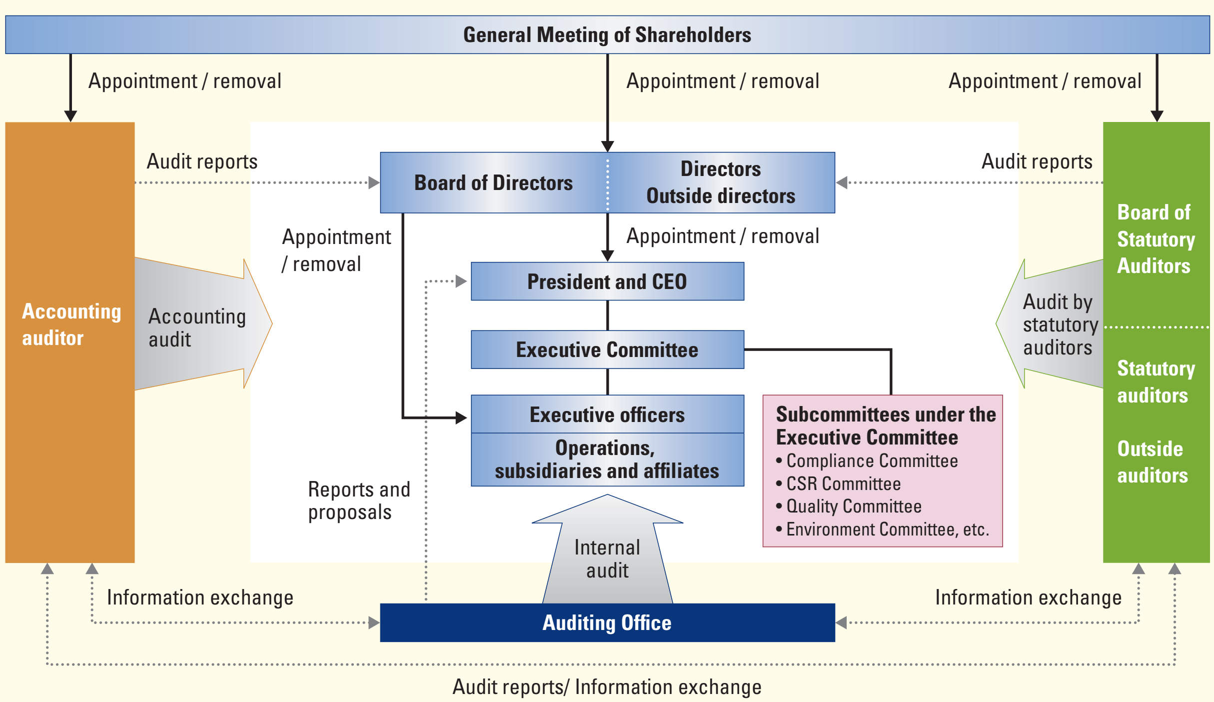
NLM has also adopted a statutory auditor system. The Board of Statutory Auditors consists of five statutory auditors, of whom three are outside auditors. Auditors are independent and play a key role in corporate governance by attending Board of Directors and other important internal meetings.

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 2011, 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

Basic Principle

We shall comply with relevant laws and ordinances and shall take action independently and actively on global environmental issues.

NLM Group's management policies reflect the recognition that initiatives to tackle global environmental issues are vital.

Basic Policy for Environmental Issues

Environmental issues are no longer confined to one locality, and have been spreading and worsening to the extent that they can endanger the global environment and the very existence of human beings.

Actions and dedication are required for the national government, local governments, citizens and companies to construct a sustainable, recycling-oriented economy and society capable of coexisting with the environment preserved Earth. With this mission strongly in mind, the NLM Group seeks a harmonious coexistence with the natural environment in every aspect of its corporate activities.

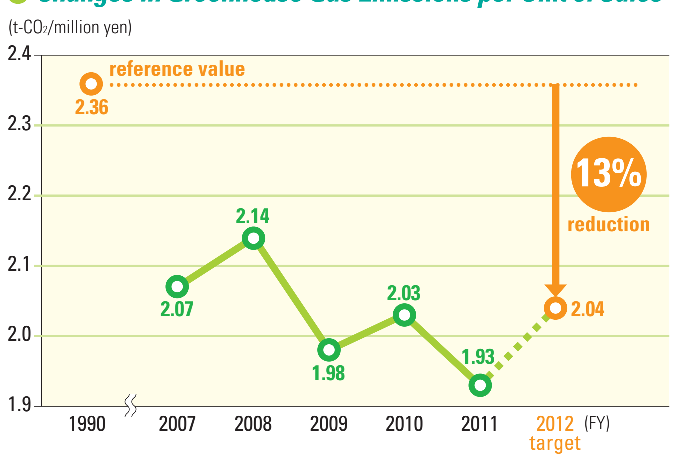
These efforts eventually lead to sound corporate activities together with protecting the interests of shareholders, customers, employees and local communities, which are the basis of NLM's existence. We also endeavor, as decent corporate citizens, to realize a truly affluent society through an environment-oriented social contributions.

Action Guidelines

1. **Compliance with Environment-related Laws and Regulations**
   We comply with laws and regulations for the protection of the environment.
2. **Improvement of Energy Efficiency and Reduction of CO_2 Emissions**
   We endeavor to improve the energy efficiency and reduce CO_2 emissions by improving efficiencies of production processes and equipments raising productivity and rationalizing logistics.
3. **Facilitating Resource Savings and 3R campaign**
   We make efficient use of all production resources including aluminum, and disseminate the 3R (reduction, reuse and recycling) campaign throughout the Group.
4. **Business Activities in Consideration of Environmental Impacts**
   Prior to determining where to build a production facility or what products to develop, we take measures their impacts on the environment based on scientific evaluations. We also make every effort to reduce the environment even in existing business activities.
5. **Development of Technologies Contributing to Environment Protection**
   Our proactive product, process and other technology developments take advantage of aluminum's characteristics to reduce environmental impact. We contribute to environmental preservation by publicizing these results and providing products that incorporate them.

Voluntary Action Plan for Reduction of Greenhouse Gas Emissions / NLM Group

Changes in Greenhouse Gas Emissions per Unit of Sales



*5 years average for the period from fiscal 2008 to fiscal 2012.

With regard to reduction of greenhouse gas emissions, we have set a target of reducing greenhouse gas emissions per unit of sales by fiscal 2012 so that the average level from fiscal 2008 to 2012 is reduced by 13% compared to fiscal 1990 levels.

For fiscal 2011, the level was 1.93 t- CO_2/million yen; emissions are decreasing steadily and we are on track for meeting our targets.

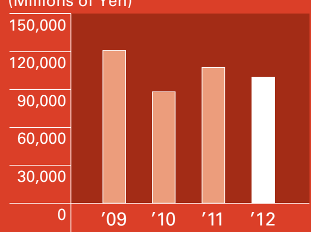
We are now in the process of formulating the Voluntary Action Plan after fiscal 2013, taking into account social trend and other factors.

The following CO_2 emissions conversion factors have been used:
Electricity : CO_2 emissions intensity in the previous year, announced by the Federation of Electric Power Companies of Japan (FEPC) (For fiscal 2009, fiscal 2010 and fiscal 2011, post-credit units were used). For fiscal 2012, 0.350kg-CO_2/kWh (fiscal 2010) was used.
Fuel : In accordance with the Ordinance for the Enforcement of the Law Concerning the Promotion of Measures to Cope with Global Warming, effective from April 2010

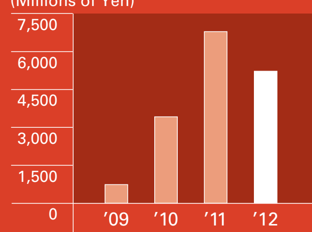
Aluminum Ingot and Chemicals

Profile *Alumina and Chemicals Operations 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 and Aluminum Alloy Operations manufacture primary and secondary aluminum alloys and enjoy an excellent reputation for the development of high-performance alloys in response to customer requirements. High-purity aluminum manufactured at Japan's only aluminum smelting plant is used as a raw material for electronic materials and other products.*

Net Sales



Consolidated Operating Profit



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

Principal Products

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

Overview of results for fiscal 2011

In the Aluminum Ingot and Chemicals operations, alumina-related shipments remained low due to stagnant demand caused by the impact of the earthquake and subsequent planned power outages. In addition, prolonged appreciation of the yen meant that exports of alumina continued to stagnate, with sales falling below the level of the previous year.

In terms of chemicals, shipments of soda products such as caustic soda and hydrochloric acid, and organic and inorganic chlorine products were generally steady, due partly to substitute shipping in response to requests from disaster-struck companies. However, production of the coagulant aluminum sulfate was temporarily suspended, as some of this production was performed at a plant within the designated evacuation zone for the Fukushima Daiichi Nuclear Power Plant. Even after production resumed, demand from major customers was delayed, causing sales to fall far below the level of the previous year.

Aluminum Billet

As a result, overall sales fell below those of the previous year, and in terms of profits, the drop in alumina-related sales plus rising fuel costs, etc. reduced profits, producing results far below those of the previous year.

In the Aluminum Ingot operations, demand for mainstay secondary alloy products for automotive applications, which had fallen greatly due to the earthquake, showed a steady recovery along with the restoration of automobile manufacturing supply chains, but the power shortages during the summer and the damage to customers caused by the flooding in Thailand drove demand down once again, and overall sales for the year under review fell below those of the previous year.

In terms of profits, in addition to reduced sales volume, fiercer price competition with imported goods caused by appreciation of the yen, the continued high price of raw material scrap, and other factors kept revenue down, resulting in a reduction in profits compared to the previous year.

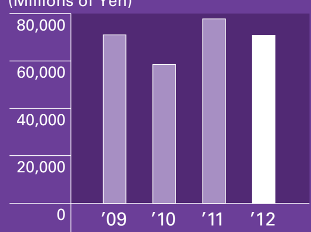
As a result, Aluminum Ingot and Chemicals segment sales decreased 7.3%, or ¥7,837 million year on year, to ¥99,560 million (¥107,397 million for the previous year), while operating profit decreased 22.9%, or ¥1,556 million year on year, to ¥5,227 million (¥6,783 million for the previous year).

Review of Operations 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.*

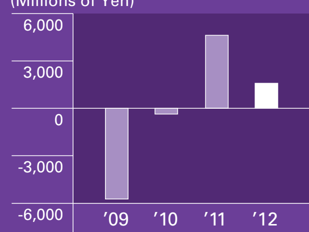
Net Sales

(Millions of Yen)



Consolidated Operating Profit

(Millions of Yen)



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

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 2011

In the Aluminum Sheet operations, automobile-related sales recovered from the latter half onwards, but fell greatly for the year as a whole due to the impact of the earthquake. Furthermore, shipments of thick plates for semiconductor and LCD manufacturing equipment fell sharply from summer onwards, and shipments of basic materials for electrical machinery and electronics and foil stock for capacitors also fell greatly compared to the previous year. As a result, overall sales for the segment fell significantly below those of the previous year.

Aluminum Sheet

In terms of profits, profitability fell considerably compared to the previous year as a result of decreased sales, increased material and fuel costs, and the like.

In the Extrusions operations, plans for railway car fleet expansion were reduced, causing sales volume to fall, and sales of automotive parts in China fell as well. However, the transport industry saw a rapid recovery in sales of automotive parts and truck components in the domestic market, thanks to the restoration of automobile manufacturing supply chains. Demand for building materials kept rising for the year under review as in the previous year. As a result of these factors, overall sales for the segment exceeded the level of the previous year.

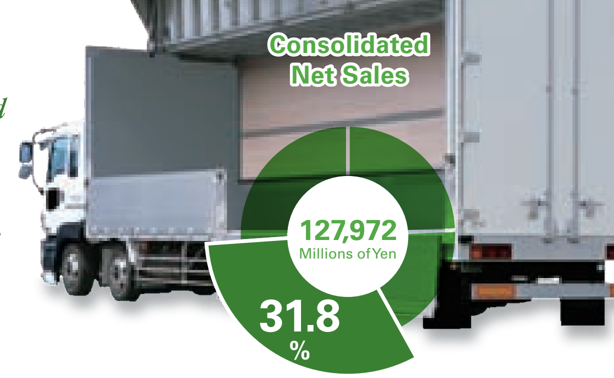
In terms of profits, profits rose domestically in line with increased sales, but in China, reduced sales of automobile-related parts resulted in reduced profits, and overall profit for the segment fell slightly below the level of the previous year.

As a result, Aluminum Sheet and Extrusion segment sales decreased 9.0%, or ¥7,006 million, to ¥70,618 million (¥77,624 million for the previous year). Operating profit decreased 69.1%, or ¥3,509 million, to ¥1,569 million (¥5,078 million for the previous year).

In March 2012, the Group established Shandong Nikkei Conglin Automotive Parts Co., Ltd., a local joint venture, in the Shandong Province, China. It will be engaged in manufacturing and sales of automobile-related parts including truck components in China. Manufacturing and sales of automobile-related parts in China have already been underway in Shenzhen and Shanghai, but the Group plans to expand business operations in the Northern and Northeastern China areas, where demand is expected to continue to grow.

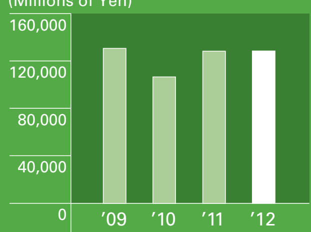
Fabricated Products and Others

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.*



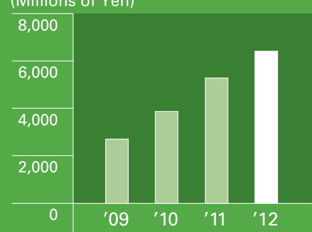
Net Sales

(Millions of Yen)



Consolidated Operating Profit

(Millions of Yen)



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

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 2011

In the Transport-Related sector, shipments fell sharply in April and May in the van and truck outfitting business due to reduced truck manufacturing as a result of the earthquake, but began to recover in June and, as domestic demand grew, rose to a high level. This resulted in sales equivalent to those of the previous year.

In October 2011, Shangdong Conglin Fruehauf Automobile Co., Ltd. was established in Shandong Province, China, as a joint venture with local companies. Shangdong Conglin Fruehauf will be a trailer manufacturing and sales site in China. The company will receive parts from Shandong Nikkei Conglin Automotive Parts Co., Ltd., working to build a stronger supply chain to serve the Chinese market, in which demand for aluminum trailers is expected to grow.

In the area of capacitors for car air conditioners, in addition to strong shipments for lightweight vehicles, demand increased due to the restoration of the "Eco-car" subsidy program during the latter half. However, this was insufficient to counteract the decrease in automobile manufacturing and demand stagnation caused by the earthquake during the first half, and sales fell below those of the previous year.

In October 2011, a new room air conditioner condenser manufacturing plant was constructed in Thailand. The economic growth in Southeast Asia has created growing demand for household room air conditioners, and the Group is striving to make this into one of its core business segments by exploiting the energy saving, size reduction, and performance enhancement technologies it has developed through its experience with car air conditioners, making inroads into the room air conditioner condenser business sector in the region.

The Shaped Parts sector moved towards recovery in the summer from the drop-off in shipments resulting from the earthquake, but during the latter half, the flooding in Thailand caused some automobile manufacturers to suspend production, causing shipment volumes to fall again. As a result, overall sales fell slightly below those of the previous year.

In the Electronic Materials sector, demand for anodized aluminum foil for aluminum electrolytic capacitors recovered rapidly from the earthquake during the first half, and demand for manufacturing equipment increased, resulting in strong shipments. However, in the latter half, customers, pressed by appreciation of the yen, performed inventory adjustments, creating a very harsh demand environment, resulting in sales falling far below those of the previous year.

In the Panel System sector, shipments of small and medium sized products for industrial refrigerators and freezers trended positively, and demand rose temporarily as a result of earthquake recovery efforts. Because of these factors, sales exceeded those of the previous year. With regards to clean rooms, appreciation of the yen accelerated customers' overseas expansion activities, causing the domestic market to stagnate. However, earthquake recovery construction works caused an increase in shipments and sales, which exceeded those of the previous year.

In the Carbon Product sector, conditions were harsh, with sharp appreciation of the yen, and low demand from steel and aluminum smelters, the sector's major customers. However, the Group endeavored to increase sales of carbon blocks for blast furnaces and electric furnace and unshaped materials for electrodes, and to reduce costs. As a result, both sales and profit results rose above those of the previous year.

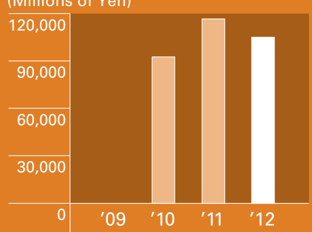
On March 15, 2012, the Group transferred 40% of its shares of Nippon Electrode Co., Ltd. to Mitsubishi Corporation. The managerial participation of Mitsubishi Corporation, which has a strong carbon product network and extensive know-how, will help propel the overseas development and new business sector cultivation of Nippon Electrode Co., Ltd., as well as expanding its business scope.

As a result, sales in the Fabricated Products and Others operations increased 0.03%, or ¥43 million, to ¥127,972 million (¥127,929 million for the previous year). Operating profit increased 21.4%, or ¥1,128 million, to ¥6,392 million (¥5,264 million for the previous year).

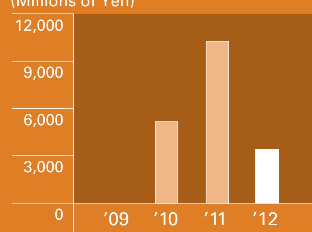
Review of Operations Aluminum Foil, Powder and Paste

Profile *The core company in this segment is Toyo Aluminium K.K. Aluminum foils, powder and paste produced by Toyo Aluminum K.K. have achieved a leading industry market share and are being used in a wide range of areas, from daily necessities to energy, electrical and electronics, and automobiles. 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



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

Applications

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

Principal Products

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

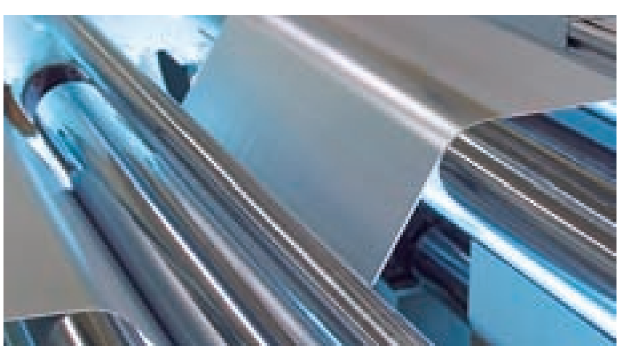
Overview of results for fiscal 2011

In the Aluminum Foil sector, demand for high-purity aluminum foil for electrolytic capacitors recovered during the summer to pre-earthquake levels, but during the latter half, capacitor inventory adjustments caused a sharp drop in demand. Shipments in the aluminum foil business were strong overall, including those of plain foil for lithium ion battery surfaces, but fell in the latter half for some products such as fabricated foil for pharmaceutical packaging. As a result, overall sales fell below those of the previous year.

In the Paste sector, shipments decreased for aluminum paste for electrical appliances and plastic paint in the domestic market. Sales of mainstay aluminum paste for use in automobile paint rose during the latter half along with the resumption of automobile manufacturing, as well as for inks used for beverage containers. With regards to exports, shipments to China fell due to the country's economic slowdown, but shipments to Korea and Indonesia were strong. As a result, overall sales exceeded those of the previous year.

In the Electronic Functional Materials sector, sales of functional materials, mainly powder products, were strong due to shipments to China for IT-related applications and LED components. However, sales volume of mainstay back-sheets and functional ink for solar cells fell sharply due to the shrinkage of power fixed price buybacks in our principal European markets, as well as inventory adjustments, resulting in overall sales falling far below those of the previous year.

As a result, sales in the Aluminum Foil, Powder and Paste sector decreased 10.0%, or ¥11,624 million, to ¥104,859 million (¥116,483 million for the previous year). Operating profit decreased 66.8%, or ¥6,843 million, to ¥3,402 million (¥10,245 million for the previous year).


Aluminum Foil


Solar Panel

NLM Group

Nippon Light Metal Group consists of 81 subsidiaries and 22 affiliates (as of March 31, 2012). 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 Company, Ltd. (Manufacture and Sales)

Aluminum Ingot and Chemicals

(Manufacture and Sales)

- ● Aluminium Wire Rod Co., Ltd.
- ● Nikkei MC Aluminium Co., Ltd.
- ● Nikkei MC Aluminum America Inc.
- ● Nikkei MC Aluminum (Thailand) Co., Ltd.
- ● Nikkei M.C. 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)

- ● Nikkei Extrusions Co., Ltd.
- ● Nikkeikin Aluminium Core Technology Co., Ltd.
- ● Nikkei Siam Aluminium Ltd.
- ● Riken Light Metal Industrial 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)

- ● NLM ECAL Co., Ltd.
- ● Nikkei Kenzai Kogyo Co., Ltd.
- ● Nikkei Sangyo Co., Ltd.
- ● Nikkei Panel System Co., Ltd.
- ● Nikkei Matsuo Co., Ltd.
- ● Nippon Electrode Co., Ltd.
- ● Nippon Fruehauf 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.
- ● Sam-A Aluminium Co., Ltd.

CUSTOMER

● Consolidated subsidiaries: 75 companies
● Affiliates accounted for by the equity method: 13 companies

→ Flow of products and raw materials
···→ Flow of services

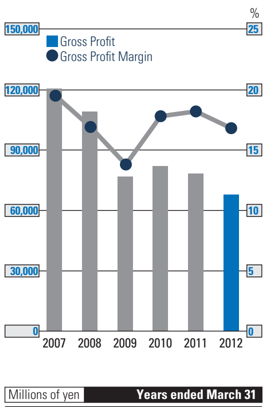
(As of March 31, 2012)

Note : Shin Nikkei Co., Ltd. ceased to be a subsidiary of the Company on April 1, 2010.

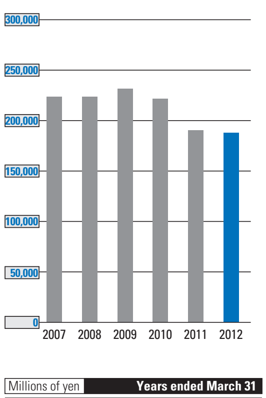
Consolidated Six-Year Summary

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

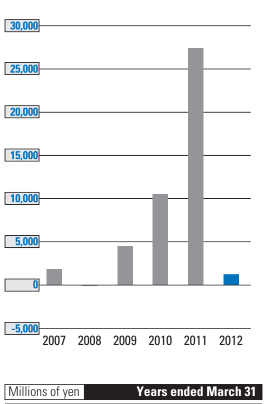
Gross Profit and Gross Profit Margin



Interest-bearing Debt



Free Cash Flows



	2007	2008
	(Millions of yen)	
Financial Results		
Net Sales	¥618,158	¥647,846
Gross Profit	120,345	108,946
Gross Profit Margin (%)	19.5	16.8
Operating Profit (Loss)	30,519	17,998
Ordinary Profit (Loss)	25,248	11,222
Net Income (Loss)	12,755	(10,310)
Segment Information		
Net Sales:		
Aluminum Ingot and Chemicals	110,667	156,189
Aluminum Sheet and Extrusions	78,929	79,375
Fabricated Products and Others	255,514	251,998
Building Materials	173,048	160,284
Aluminum foil, powder and paste	—	—
Total	618,158	647,846
Operating Profit (Loss):		
Aluminum Ingot and Chemicals	11,667	9,172
Aluminum Sheet and Extrusions	6,443	1,630
Fabricated Products and Others	14,156	13,212
Building Materials	1,073	(2,976)
Aluminum foil, powder and paste	—	—
Elimination or corporate items	(2,820)	(3,040)
Total	30,519	17,998
Financial Position		
Current Assets	340,897	311,083
Property, plant and equipment	184,070	179,243
Intangible assets	5,969	6,189
Investments and other assets	48,527	43,958
Current liabilities	287,436	270,545
Long-term liabilities	149,916	140,931
Shareholders' equity (Note 3)	130,176	118,294
Total accumulated other comprehensive income (Note 3)	7,770	3,465
Minority interests in consolidated Subsidiaries (Note 3)	4,165	7,238
Interest-bearing Debt (Note 2)	223,607	223,660
Cash Flows		
Cash Flows from Operating Activities	21,397	25,018
Depreciation and Amortization	17,481	20,160
Cash Flows from Investing Activities	(19,514)	(25,051)
Capital Expenditures	20,702	25,263
Cash Flows from Financing Activities	12,483	(9,028)
Per Share Data (yen and dollars)		
Net Income (Loss) - basic	¥ 23.56	¥ (19.00)
- diluted	22.36	—
Net Assets (Note 3)	254.82	223.61
Cash Dividends	5.0	3.0
Indices		
Return on Capital Employed (ROCE) (%)	9.3	4.5
Return on Equity (ROE) (%)	9.7	(7.9)
Equity Ratio (%)	23.8	22.5
Others		
Number of Shares Outstanding (thousands)	543,350	545,126
R&D Expenditures	¥ 5,504	¥ 5,858
Number of Employees	13,493	14,084

Note 1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥82.19 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

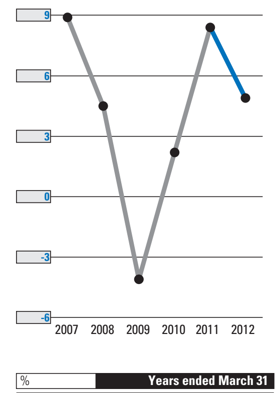
Note 2: Interest-bearing Debt = Long-term debt and Short-term borrowings, excluding capital lease obligations + Notes discounted + Notes endorsed

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".

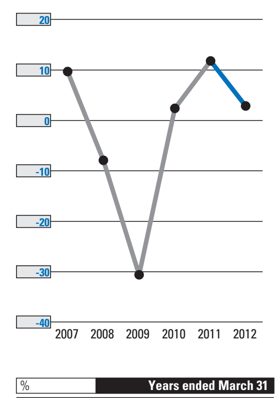
Note 4: Numbers used for the year ended March 2010 have been revised according to the current segment categories.

2009	2010	2011	**2012**	**2012**
(Millions of yen)				(Thousands of U.S. dollars) (Note 1)
¥554,094	¥460,681	¥429,433	**¥403,009**	**$4,903,382**
76,720	81,885	78,166	**67,559**	**822,472**
13.8	17.8	18.2	**16.8**	**16.8**
(11,892)	7,673	24,724	**13,665**	**166,261**
(16,936)	2,682	18,529	**9,709**	**118,129**
(31,442)	2,084	11,040	**2,856**	**34,749**
120,725	88,141	107,397	**99,560**	**1,211,340**
66,766	58,399	69,458	**70,618**	**859,204**
226,543	106,060	136,095	**127,972**	**1,557,026**
140,060	115,680	—	**—**	**—**
—	92,401	116,483	**104,859**	**1,275,812**
554,094	460,681	429,433	**403,009**	**4,903,382**
748	3,425	6,783	**5,227**	**63,597**
(5,737)	(362)	4,604	**1,569**	**19,090**
3,976	3,849	5,738	**6,392**	**77,771**
(7,870)	(1,776)	—	**—**	**—**
—	5,140	10,245	**3,402**	**41,391**
(3,009)	(2,603)	(2,646)	**(2,925)**	**(35,588)**
(11,892)	7,673	24,724	**13,665**	**166,261**
257,386	258,839	221,956	**225,200**	**2,739,993**
176,231	165,612	143,767	**149,919**	**1,824,054**
5,005	5,147	4,458	**6,601**	**80,314**
39,949	51,424	44,704	**40,951**	**498,248**
264,386	249,184	182,703	**192,070**	**2,336,902**
125,404	138,714	127,425	**121,752**	**1,481,349**
85,170	87,245	98,272	**100,033**	**1,217,095**
(1,255)	1,507	463	**434**	**5,208**
4,866	4,372	6,022	**8,382**	**101,983**
231,686	221,720	190,760	**187,697**	**2,283,696**
26,674	26,388	26,479	**19,537**	**237,705**
22,113	20,717	15,831	**17,040**	**207,324**
(22,086)	(15,792)	964	**(18,289)**	**(222,521)**
24,997	14,197	15,363	**23,167**	**281,871**
6,422	(8,880)	(30,726)	**(6,915)**	**(84,134)**
¥ (57.77)	¥ 3.83	¥ 20.29	**¥ 5.25**	**$ 0.06**
—	3.63	—	**—**	**—**
154.22	163.13	181.51	**184.71**	**2.25**
—	—	2.00	**2.00**	**0.02**
(4.1)	2.2	7.9	**4.9**	**4.9**
(30.6)	2.4	11.8	**2.9**	**2.9**
17.5	18.5	23.8	**23.8**	**23.8**
545,126	545,126	545,126	**545,126**	**545,126**
5,972	5,085	4,798	**4,902**	**$ 59,642**
13,678	12,854	9,739	**10,041**	**10,041**

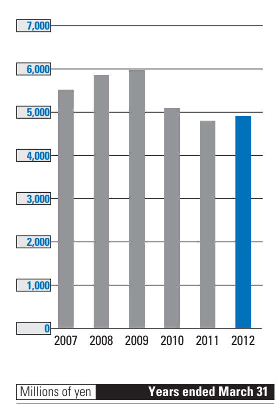
Return on Capital Employed (ROCE)



Return on Equity (ROE)



R&D Expenditures



Overview

The Japanese economy during fiscal 2011 (year ended March 31, 2012) showed signs of recovery along with supply chain recovery, from the significant decline precipitated by the Great East Japan Earthquake, but the global economic slowdown and continuing appreciation of the yen backed by the credit crisis in Europe from August onward brought the recovery to a standstill, preventing it from turning into a full recovery.

With regards to domestic demand for aluminum, automobile-related shipments, which fell sharply at the start of the period, began to recover. Construction-related demand also surpassed that of the previous year, but exports fell due to the global economic slowdown, resulting in a slight overall decrease for the year under review.

Given these circumstances, the NLM Group carried out many measures for strengthening its earnings base based on the Mid-Term Management Plan, a three-year plan now in its second year. Specifically, the Group worked to reinforce the industry-leading business infrastructure and increase sales of high value added products by continuing investment for switching the raw material used by the Aluminum Ingot and Chemicals segment from bauxite to aluminum hydroxide, as well as by increasing production of high-purity alumina for LED sapphire substrates. In overseas business operations, the Group steadily established a foundation for future sustainable growth, including the creation of joint ventures engaged in trailer outfitting business and automotive parts business in China and the construction of a new plant in Thailand for manufacturing room air conditioner condensers.

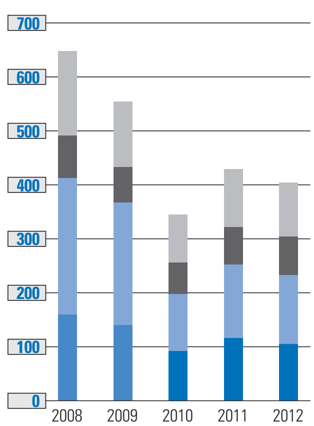
The Group also promoted thorough efficiency improvements and rationalization in all of its business activities and vigorously engaged in sales activities.

Earnings and Expenses

However, demand failed to recover from the slump caused by the earthquake, and NLM's consolidated net sales for the year under review decreased 6.2% year on year, to ¥403.0 billion ($4,903 million). For sales and other financial performance by business segment, please see the Review of Operation in pages 11 to 14.

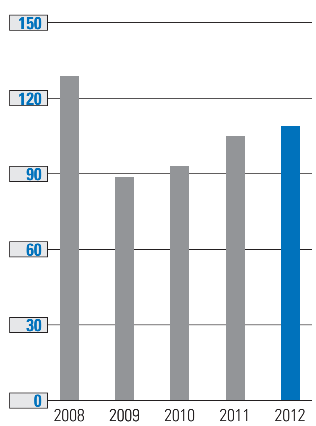
The cost of goods sold decreased 4.5% year on year, to ¥335.4 billion ($4,081 million), while the cost to sales ratio decreased 1.4 percentage points year on year, to 83.2%. Selling, general and administrative expenses decreased 0.9% year on year, to ¥53.9 billion ($656 million). As a result, operating profit decreased 44.7% year on year, to ¥13.7 billion ($166 million).

Net Sales By Segment



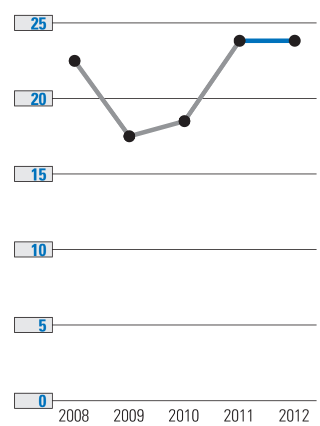
Billions of yen | Years ended March 31

Total Net Assets



Billions of yen | As of March 31

Equity Ratio



% | As of March 31

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

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.

Non-operating income increased 12.0% year on year, to ¥3.3 billion ($40 million). This resulted from an increase in equity in earnings of affiliates and other factors. Non-operating expenses shrank 20.7% year on year, to ¥7.2 billion ($88 million). This resulted from a decrease in other non-operating expenses. As a result, ordinary profit decreased 47.6% year on year, to ¥9.7 billion ($118 million).

For special gains, ¥0.7 billion ($9 million) gain on sales of investments in subsidiaries and affiliates was recorded, while special losses of ¥1.0 billion ($12 million) were recorded. This was a result of recording ¥0.7 billion ($9 million) special retirement expenses and ¥0.3 billion ($3 million) loss on impairment of fixed assets.

As a result, the income before income taxes and minority interests of ¥9.5 billion ($115 million) was recorded for the period under review. Corporate, inhabitant and business taxes increased ¥0.1 billion year on year, to ¥3.4 billion ($42 million). Meanwhile, deferred income taxes during the period under review were ¥2.5 billion ($31 million).

As a result of the above, net income in the period under review decreased 74.1% year on year, to ¥2.9 billion ($35 million). The average number of shares outstanding decreased from 544,012 thousand in the previous year to 543,934 thousand in the year under review. Therefore, net income per share decreased from ¥20.3 in the previous year to ¥5.3 ($0.06) in the period under review. Payment of annual cash dividend of ¥2.0 ($0.02) per share was approved by the resolution at the General Meeting of Shareholders held on June 28, 2012.

Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2012 increased ¥7.8 billion (up 1.9%) year on year, to ¥422.7 billion ($5,143 million). Total liabilities increased ¥3.7 billion (up 1.2%) year on year, to ¥313.8 billion ($3,818 million), despite refinancing in conjunction with bond retirement. Interest-bearing debt decreased ¥3.1 billion year on year, to ¥187.7 billion.

Net assets increased ¥4.1 billion (up 3.9%) year on year, to ¥108.8 billion ($1,324 million), thanks primarily to an increase in retained earnings due to the recording of net income in the period under review. Net assets per share as of March 31, 2012 increased 1.7% year on year, to ¥184.71 ($2.2), while the equity ratio stayed at 23.8%, the same as the previous year.

Cash Flows

Cash and cash equivalents on a consolidated basis as of March 31, 2012 decreased ¥5.7 billion (down 13.5%) year on year, to ¥36.5 billion ($444 million).

Net cash provided by operating activities decreased ¥6.9 billion (down 26.2%) year on year, to ¥195 billion ($238 million). This was because non-cash profit/loss items such as depreciation and amortization as well as income before income taxes and minority interests were greater than the increase in working capital.

In the fiscal year under review, ¥18.3 billion net cash was used in investing activities, compared with ¥1 billion net cash provided by the same activities in the previous year. This was primarily due to reduced collections of loans receivable.

Net cash used in financing activities decreased ¥23.8 billion (down 77.5%) year on year, to ¥69 billion ($84 million). This was primarily due to reduced collections of loans receivable.

Outlook for Fiscal 2012

Against the promising backdrop of a recovery in personal spending and economic recovery in the U.S. and Asia, the Japanese economy is expected to move towards a gradual recovery in fiscal 2012. With regards to demand for aluminum products, it is expected that transport-related products will continue to perform strongly, and that electrical and electronics-related products will gradually recover. The performance is forecast to surpass that of the previous year.

The Group will steadily move forward with business development both in Japan and abroad, and will also reinforce industry-leading businesses, accelerate development of overseas business operations, and strengthen profitability in every business segment, especially in the automotive, electrical and electronics, and environmental, safety, and energy fields.

For fiscal 2012, we expect net sales of ¥400.0 billion, operating profit of ¥17.5 billion, ordinary profit of ¥14.0 billion, and net income of ¥8.5 billion. Net income per share is predicted to be ¥15.63, while cash dividends per share have not yet been decided.

Consolidated Balance Sheets

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

Assets	March 31, 2011 (Millions of yen)	March 31, 2012 (Millions of yen)	2012 (Thousands of U.S. dollars) (Note 2)
Current assets:			
Cash and deposits (Notes 3)	¥ 42,073	¥ 36,568	$ 444,920
Notes and accounts receivable – trade	115,204	118,043	1,436,221
Finished products	22,455	22,519	273,987
Work-in-progress, including costs related to construction-type contracts	12,246	14,651	178,258
Raw material and supplies	18,303	18,995	231,111
Deferred tax assets (Note 9)	5,367	6,321	76,907
Other current assets	7,681	9,379	114,114
Allowance for doubtful accounts	(1,373)	(1,276)	(15,525)
Total current assets	221,956	225,200	2,739,993
Property, plant and equipment (Note 5):			
Land	53,735	53,460	650,444
Buildings and structures	116,515	120,115	1,461,431
Machinery and equipment	251,224	261,189	3,177,868
Construction-in-progress	4,676	8,988	109,357
Accumulated depreciation	(282,383)	(293,833)	(3,575,046)
Total property, plant and equipment	143,767	149,919	1,824,054
Intangible assets:			
Goodwill	896	2,778	33,800
Other intangible assets	3,562	3,823	46,514
Total intangible assets	4,458	6,601	80,314
Investments and other assets:			
Investment securities (Notes 4 and 5)	24,008	24,714	300,694
Deferred tax assets (Note 9)	15,227	11,794	143,497
Other assets	5,996	4,919	59,849
Allowance for doubtful accounts	(527)	(476)	(5,792)
Total investments and other assets	44,704	40,951	498,248
Total assets	¥414,885	¥422,671	$5,142,609

Liabilities and net assets	March 31, 2011 (Millions of yen)	March 31, 2012 (Millions of yen)	2012 (Thousands of U.S. dollars) (Note 2)
Current liabilities:			
Short-term borrowings (Note 5)	¥ 67,423	¥ 63,601	$ 773,829
Current portion of long-term debt (Note 5)	17,634	24,113	293,381
Notes and accounts payable – trade	67,268	69,390	844,263
Income taxes payable	2,550	2,668	32,461
Other current liabilities	27,828	32,298	392,968
Total current liabilities	182,703	192,070	2,336,902
Long-term liabilities:			
Long-term debt (Note 5)	108,638	103,360	1,257,574
Accrued pension and severance costs (Note 8)	16,438	16,597	201,935
Deferred tax liabilities on land revaluation surplus (Notes 9 and 11)	516	452	5,499
Other long-term liabilities (Notes 5 and 9)	1,833	1,343	16,341
Total long-term liabilities	127,425	121,752	1,481,349
Total liabilities	310,128	313,822	3,818,251
Net assets :			
Shareholders' equity:			
Common stock:			
Authorized: 1,600,000,000 shares			
Issued: 545,126,049 shares	39,085	39,085	475,545
Additional paid-in capital	11,179	11,179	136,014
Retained earnings	48,200	49,968	607,957
Treasury stock, at cost (1,162,058 shares in 2011 and 1,216,559 shares in 2012)	(192)	(199)	(2,421)
Total shareholders' equity	98,272	100,033	1,217,095
Accumulated other comprehensive income:			
Net unrealized gains on securities (Note 4)	980	1,092	13,286
Net unrealized gains on hedges (Note 1(m))	61	3	37
Revaluation surplus (Note 11)	145	145	1,764
Foreign currency translation adjustments	(723)	(806)	(9,807)
Total accumulated other comprehensive income	463	434	5,280
Minority interests in consolidated subsidiaries	6,022	8,382	101,983
Total net assets	104,757	108,849	1,324,358
Contingent liabilities (Note 14)			
Total liabilities and net assets	¥414,885	¥422,671	$5,142,609

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

Consolidated Statements Of Income

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

	Year ended March 31,		
	2011	**2012**	**2012**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Net sales	¥429,433	**¥403,009**	**$4,903,382**
Cost of sales (Note 13)	351,267	**335,410**	**4,080,910**
Gross profit	78,166	**67,599**	**822,472**
Selling, general and administrative expenses (Note 13)	53,442	**53,934**	**656,211**
Operating profit	24,724	**13,665**	**166,261**
Non-operating income:			
Interest income	97	**76**	**925**
Equity in earnings of affiliates	290	**636**	**7,738**
Rental income	719	**766**	**9,320**
Other	1,830	**1,811**	**22,034**
Total non-operating income	2,936	**3,289**	**40,017**
Non-operating expenses:			
Interest expense	2,815	**2,756**	**33,532**
Amortization of transition obligation for employees' retirement benefits (Note 8)	1,113	**1,112**	**13,529**
Other	5,203	**3,377**	**41,088**
Total non-operating expenses	9,131	**7,245**	**88,149**
Ordinary profit	18,529	**9,709**	**118,129**
Special gains:			
Gain on sales of affiliates' stocks	—	**724**	**8,809**
Total special gains	—	**724**	**8,809**
Special losses:			
Special retirement expenses	—	**708**	**8,614**
Loss on impairment of fixed assets	106	**251**	**3,054**
Loss on valuation of investment securities	1,046	**—**	**—**
Loss on disposal of non-current assets	838	**—**	**—**
Loss on adjustments for adoption of accounting standard for asset retirement obligations	89	**—**	**—**
Total special losses	2,079	**959**	**11,668**
Income before income taxes and minority interests	16,450	**9,474**	**115,270**
Income taxes (Note 9):			
Current	3,285	**3,416**	**41,562**
Deferred	1,042	**2,509**	**30,527**
	4,327	**5,925**	**72,089**
Income before minority interests	12,123	**3,549**	**43,181**
Minority interests in net income of consolidated subsidiaries	1,083	**693**	**8,432**
Net income	¥ 11,040	**¥ 2,856**	**$ 34,749**
	(Yen)		(U.S. dollars) (Note 2)
Per share of common stock (Note 15):			
Net income	¥ 20.29	**¥ 5.25**	**$ 0.06**
Cash dividends	2.00	**2.00**	**0.02**

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

Consolidated Statements Of Comprehensive Income

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

	Year ended March 31,		
	2011	**2012**	**2012**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Income before minority interests	¥12,123	**¥3,549**	**$43,181**
Other comprehensive income			
Net unrealized gains (losses) on securities	(618)	**121**	**1,472**
Net unrealized losses on hedges	(97)	**(58)**	**(706)**
Foreign currency translation adjustments	(361)	**7**	**85**
Equity of other comprehensive income of affiliates	(126)	**(84)**	**(1,022)**
Total other comprehensive income (Note 7)	(1,202)	**(14)**	**(171)**
Comprehensive income	¥10,921	**¥3,535**	**$43,010**
Attributable to:			
Shareholders of the parent	¥ 9,996	**¥2,827**	**$34,396**
Minority interests	925	**708**	**8,614**
	¥10,921	**¥3,535**	**$43,010**

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

Consolidated Statements Of Changes In Net Assets

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

	2011									
	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	Minority interests in consolidated subsidiaries	Total net assets
	(Millions of yen)									
Balance at April 1, 2010	¥39,085	¥25,420	¥22,919	¥(179)	¥1,590	¥158	¥145	¥(386)	¥4,372	¥ 93,124
Deficit disposition		(14,241)	14,241							—
Net income			11,040							11,040
Net increase in treasury stock				(13)						(13)
Net unrealized losses on securities (Note 4)					(610)					(610)
Net unrealized losses on hedges						(97)				(97)
Foreign currency translation adjustments								(337)		(337)
Net increase in minority interests in consolidated subsidiaries									1,650	1,650
Balance at March 31, 2011	¥39,085	¥11,179	¥48,200	¥(192)	¥ 980	¥ 61	¥145	¥(723)	¥6,022	¥104,757

	2012									
	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	Minority interests in consolidated subsidiaries	Total net assets
	(Millions of yen)									
Balance at April 1,2011	¥39,085	¥11,179	¥48,200	¥(192)	¥ 980	¥ 61	¥145	¥(723)	¥6,022	¥104,757
Net income			2,856							2,856
Cash dividends			(1,088)							(1,088)
Net increase in treasury stock				(7)						(7)
Net unrealized gains on securities (Note 4)					112					112
Net unrealized losses on hedges						(58)				(58)
Foreign currency translation adjustments								(83)		(83)
Net increase in minority interests in consolidated subsidiaries									2,360	2,360
Balance at March 31, 2012	¥39,085	¥11,179	¥49,968	¥(199)	¥1,092	¥ 3	¥145	¥(806)	¥8,382	¥108,849

	2012									
	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	Minority interests in consolidated subsidiaries	Total net assets
	(Thousands of U.S. dollars) (Note 2)									
Balance at April 1,2011	$475,545	$136,014	$586,446	$(2,336)	$11,924	$742	$1,764	$(8,797)	$ 73,269	$1,274,571
Net income			34,749							34,749
Cash dividends			(13,238)							(13,238)
Net increase in treasury stock				(85)						(85)
Net unrealized gains on securities (Note 4)					1,362					1,362
Net unrealized losses on hedges						(705)				(705)
Foreign currency translation adjustments								(1,010)		(1,010)
Net increase in minority interests in consolidated subsidiaries									28,714	28,714
Balance at March 31, 2012	$475,545	$136,014	$607,957	$(2,421)	$13,286	$ 37	$1,764	$(9,807)	$101,983	$1,324,358

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

Consolidated Statements Of Cash Flows

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

	Year ended March 31,		
	2011	**2012**	**2012**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Cash flows from operating activities			
Income before income taxes and minority interests	¥16,450	**¥9,474**	**$115,270**
Depreciation and amortization	15,831	**17,040**	**207,324**
Special retirement expenses	—	**708**	**8,614**
Loss on impairment of fixed assets	106	**251**	**3,054**
Loss on valuation of investment securities	1,046	**—**	**—**
Loss on disposal of non-current assets	838	**—**	**—**
Loss on adjustment for adoption of accounting standard for asset retirement obligations	89	**—**	**—**
Gain on sales of affiliates' stocks	—	**(724)**	**(8,809)**
Increase (decrease) in allowance for doubtful accounts	538	**(102)**	**(1,241)**
Increase in accrued pension and severance costs	399	**144**	**1,752**
Interest and dividend income	(311)	**(336)**	**(4,088)**
Interest expense	2,815	**2,756**	**33,532**
Equity in earnings of affiliates	(290)	**(636)**	**(7,738)**
Increase in notes and accounts receivable – trade	(3,959)	**(2,301)**	**(27,996)**
Increase in inventories	(4,622)	**(2,486)**	**(30,247)**
Increase in notes and accounts payable – trade	1,104	**1,543**	**18,774**
Other	1,009	**1,215**	**14,783**
Subtotal	31,043	**26,546**	**322,984**
Interest and dividend income received	535	**559**	**6,801**
Interest paid	(2,814)	**(2,749)**	**(33,447)**
Payments for additional retirement payments	(127)	**(669)**	**(8,140)**
Payments for corrective measures for product defects	(35)	**—**	**—**
Income taxes paid	(2,123)	**(4,150)**	**(50,493)**
Net cash provided by operating activities	26,479	**19,537**	**237,705**
Cash flows from investing activities			
Payments into time deposits	(61)	**(31)**	**(377)**
Proceeds from withdrawal of time assets	69	**30**	**365**
Payments for purchases of fixed assets	(13,444)	**(18,762)**	**(228,276)**
Proceeds from sales of fixed assets	232	**1,006**	**12,240**
Payments for purchases of investment securities	(205)	**(258)**	**(3,139)**
Proceeds from sales of investment securities	177	**284**	**3,455**
Purchase of stocks of subsidiaries and affiliates	—	**(367)**	**(4,465)**
Proceeds from sales of stocks of subsidiaries and affiliates	69	**2,400**	**29,201**
Payments of loans receivable	(15)	**(14)**	**(170)**
Collection of loans receivable	20,085	**35**	**426**
Purchase of subsidiaries' share resulting in change in scope of consolidation	—	**(1,979)**	**(24,078)**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	(4,627)	**(6)**	**(73)**
Other	(1,316)	**(627)**	**(7,630)**
Net cash provided by (used in) investing activities	964	**(18,289)**	**(222,521)**
Cash flows from financing activities			
Net decrease in short-term borrowings	(32,359)	**(3,942)**	**(47,962)**
Proceeds from long-term debt	23,561	**33,627**	**409,137**
Repayments of long-term debt	(21,072)	**(19,337)**	**(235,272)**
Proceeds from issuance of bonds	—	**3,200**	**38,934**
Redemption of bonds	—	**(18,980)**	**(230,928)**
Proceeds from sale and lease-back transactions	—	**589**	**7,166**
Cash dividends paid	(7)	**(1,094)**	**(13,311)**
Cash dividends paid to minority interests	(77)	**(245)**	**(2,981)**
Other	(772)	**(733)**	**(8,917)**
Net cash used in financing activities	(30,726)	**(6,915)**	**(84,134)**
Effect of exchange rate changes on cash and cash equivalents	(236)	**(5)**	**(61)**
Net decrease in cash and cash equivalents	(3,519)	**(5,672)**	**(69,011)**
Cash and cash equivalents at beginning of year	45,645	**42,126**	**512,544**
Cash and cash equivalents at end of year (Note 3)	¥42,126	**¥36,454**	**$443,533**

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 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) Accrued pension and severance costs

Accrued pension and severance costs for employees represent the projected benefit obligation in excess of the fair value of the plan assets, except for unrecognized transition obligation and unrecognized actuarial gain or loss. 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 transition obligation is amortized by the straight-line method over a period of 12 years and 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.

(q) 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.

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

(s) Additional information
(Adoption of the "Accounting Standard for Accounting Changes and Error Correction")

Effective April 1, 2011, the Company and its consolidated subsidiaries have adopted the Accounting Standards Board of Japan (ASBJ) Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections" issued on December 4, 2009.

2. U.S. DOLLAR AMOUNTS

The rate of ¥82.19 = U.S.$1, the approximate exchange rate prevailing at March 31, 2012, 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.

3. 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, 2011 and 2012 is summarized as follows:

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥42,073	¥36,568	$444,920
Time deposits with maturities in excess of 3 months	(113)	(114)	(1,387)
MMF included in "Other current assets"	166	—	—
Cash and cash equivalents	¥42,126	¥36,454	$443,533

4. 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, 2011 and 2012 were as follows:

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Cost	¥2,842	¥2,805	$34,128
Unrealized gains	1,966	1,937	23,567
Unrealized losses	(272)	(243)	(2,956)
Carrying amount	¥4,536	¥4,499	$54,739

(b) Sales of available-for-sale securities

The realized gains on sales of available-for-sale securities for the years ended March 31, 2011 and 2012 were as follows:

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Sales proceeds	¥177	¥284	$3,455
Realized gains on sales	1	84	1,022
Realized losses on sales	—	2	24

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2012 bore interest at annual rates ranging from 0.35% to 9.18% and mainly consisted of bank loans and short-term notes maturing at various dates within one year.

Long-term debt at March 31, 2011 and 2012 comprised the following:

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Loans, principally from banks and insurance companies due from 2011 to 2018 with interest rates ranging from 0.84% to 6.45%:			
Secured	¥ 16,620	¥ —	$ —
Unsecured	84,164	—	—
Loans, principally from banks and insurance companies due from 2013 to 2072 with interest rates ranging from 0.40% to 6.90%:			
Secured	—	**14,358**	**174,693**
Unsecured	—	**103,023**	**1,253,474**
Unsecured 2.84% bonds due March 29, 2072, redeemable before due date	—	**3,200**	**38,934**
Unsecured 1.03% bonds due September 30, 2014, redeemable before due date	2,000	**2,000**	**24,334**
Unsecured 1.50% bonds due June 1, 2017, redeemable before due date	499	**493**	**5,998**
Zero coupon convertible bonds due September 30, 2016 (*1)	20,054	**1,022**	**12,435**
Capital lease obligations due from 2011 to 2029 with interest rates ranging from 1.45% to 7.20%	2,935	—	—
Capital lease obligations due from 2012 to 2029 with interest rates ranging from 1.45% to 7.20%	—	**3,377**	**41,087**
	126,272	**127,473**	**1,550,955**
Less: portion due within one year	(17,634)	**(24,113)**	**(293,381)**
Total long-term debt	¥108,638	**¥103,360**	**$1,257,574**

*(*1) The details of the zero coupon convertible bonds due September 30, 2016 are summarized as follows:*

Stock type to be issued:	Common stock
Issue price per stock acquisition right:	None
Initial exercise price:	¥406 per share
Total issue price:	¥20,100 million
Exercisable period of stock acquisition rights:	From August 4, 2006 to September 16, 2016

A summary of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2012 is as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Property, plant and equipment	**¥44,817**	**$545,285**
Investment securities	**67**	**815**
Other intangible assets	**119**	**1,448**

The aggregate annual maturities of long-term debt outstanding at March 31, 2012 are summarized as follows:

Years ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2013	**¥ 24,113**	**$ 293,381**
2014	**21,806**	**265,312**
2015	**24,320**	**295,900**
2016	**21,682**	**263,803**
2017	**14,608**	**177,735**
Thereafter	**20,942**	**254,800**
	¥127,471	**$1,550,931**

6. 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, 2011 and 2012 and estimated fair value is as follows:

	2011		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Millions of yen)		
(1) Cash and deposits	¥ 42,073	¥ 42,073	¥ —
(2) Notes and accounts receivable – trade	115,204	115,204	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	3,070	1,464	(1,606)
Other securities	4,370	4,370	—
(4) Notes and accounts payable-trade	(67,268)	(67,268)	—
(5) Short-term borrowings *2	(67,423)	(67,423)	—
(6) Bonds	(22,553)	(21,213)	1,340
(7) Long-term borrowings *2	(100,784)	(101,519)	(735)
(8) Derivatives	101	101	—

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

	2012		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Millions of yen)		
(1) Cash and deposits	¥ 36,568	¥ 36,568	¥ —
(2) Notes and accounts receivable – trade	118,043	118,043	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	3,191	1,197	(1,994)
Other securities	4,499	4,499	—
(4) Notes and accounts payable-trade	(69,390)	(69,390)	—
(5) Short-term borrowings *2	(63,601)	(63,601)	—
(6) Bonds	(6,715)	(6,679)	36
(7) Long-term borrowings *2	(117,381)	(118,175)	(794)
(8) Derivatives	10	10	—

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

	2012		
	Carrying Value *1	Estimated Fair Value *1	Difference
	(Thousands of U.S. dollars)		
(1) Cash and deposits	$ 444,920	$ 444,920	$ —
(2) Notes and accounts receivable – trade	1,436,221	1,436,221	—
(3) Investment securities			
Stocks of subsidiaries and affiliates	38,825	14,564	(24,261)
Other securities	54,739	54,739	—
(4) Notes and accounts payable-trade	(844,263)	(844,263)	—
(5) Short-term borrowings *2	(773,829)	(773,829)	—
(6) Bonds	(81,701)	(81,263)	438
(7) Long-term borrowings *2	(1,428,166)	(1,437,827)	(9,661)
(8) Derivatives	122	122	—

**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 4 "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. In addition, zero coupon convertible bonds due September 30, 2016 are included in Bonds.
   (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 12, "Derivatives" of the notes the consolidated financial statements.

2. Unlisted stocks of ¥16,568 million and ¥17,024 million ($207,130 thousand) as of March 31, 2011 and 2012 are not included in "(3) Investment securities" because no quoted market prices are available and it is extremely difficult to measure the fair value.

3. The redemption schedule for receivables and marketable securities with maturities at March 31, 2011 and 2012 is as follows:

	2011			
	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	¥ 41,991	¥ —	¥—	¥—
Notes and accounts receivable-trade	115,204	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	13	12	9	1
Corporate debt securities	10	—	—	—
	¥157,218	¥ 12	¥ 9	¥ 1

	2012			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Millions of yen)			
Cash and deposits	¥ 36,517	¥—	¥—	¥—
Notes and accounts receivable-trade	118,043	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	2	7	8	—
Corporate debt securities	–	10	—	—
	¥154,562	¥ 17	¥ 8	¥—

	2012			
	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	$ 444,300	$ —	$ —	$—
Notes and accounts receivable-trade	1,436,221	—	—	—
Investment securities				
Held-to-maturity securities				
Government and municipal bonds	24	85	97	—
Corporate debt securities	—	122	—	—
	$1,880,545	$207	$ 97	$—

4. The redemption schedule for bonds and long-term borrowings at March 31, 2011 and 2012 is as follows:

	2011		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds	¥ —	¥ 2,000	¥20,553
Long-term borrowings	16,979	74,566	9,239
	¥16,979	¥76,566	¥29,792

	2012		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds	¥ —	¥ 3,020	¥ 3,693
Long-term borrowings	23,323	77,833	16,225
	¥23,323	¥80,853	¥19,918

	2012		
	Due within one year	Due after one year but within five years	Due after five years
	(Thousands of U.S. dollars)		
Bonds	$ —	$ 36,744	$ 44,932
Long-term borrowings	283,769	946,989	197,409
	$283,769	$983,733	$242,341

7. OTHER COMPREHENSIVE INCOME

Each component of other comprehensive income for the year ended March 31, 2012 was as follows:

	2012 (Millions of yen)	2012 (Thousands of U.S. dollars)
Unrealized gains on securities:		
Amount arising during the year	¥ 66	$ 803
Reclassification adjustments for gains and losses realized in net income	(66)	(803)
Before-tax amount	0	0
Tax benefit	121	1,472
Net-of-tax amount	121	1,472
Unrealized losses on hedges:		
Amount arising during the year	(351)	(4,271)
Reclassification adjustments for gains and losses realized in net income	256	3,115
Before-tax amount	(95)	(1,156)
Tax benefit	37	450
Net-of-tax amount	(58)	(706)
Foreign currency translation adjustments:		
Amount arising during the year	7	85
Equity of other comprehensive income of affiliates:		
Amount arising during the year	(84)	(1,022)
Total other comprehensive income	¥ (14)	$ (171)

8. RETIREMENT BENEFIT PLANS

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. Certain foreign subsidiaries have defined contribution pension plans.

Accrued pension and severance costs at March 31, 2011 and 2012 are summarized as follows:

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Projected benefit obligation	¥(37,392)	¥(36,079)	$(438,971)
Fair value of plan assets	16,634	16,678	202,920
	(20,758)	(19,401)	(236,051)
Unrecognized transition obligation	1,112	—	—
Unrecognized actuarial loss	3,667	3,216	39,129
Unrecognized prior service cost	(459)	(412)	(5,013)
Accrued pension and severance cost	¥(16,438)	¥(16,597)	$(201,935)

The net pension and severance costs related to retirement benefits for the years ended March 31, 2011 and 2012 are summarized as follows:

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥2,230	¥2,320	$28,227
Interest cost	683	527	6,412
Expected return on plan assets	(358)	(276)	(3,358)
Amortization of transition obligation	1,113	1,112	13,530
Amortization of unrecognized actuarial gain	614	629	7,653
Amortization of prior service costs	(56)	(47)	(572)
Net pension and severance costs	¥4,226	¥4,265	$51,892

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

	2011	2012
Discount rate	2.00%	2.00%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.0%
Method of attributing projected benefits to periods of employee service	Straight-line basis	Straight-line basis
Period of amortization of prior service costs	Mainly 15 years	Mainly 15 years
Period of amortization of unrecognized actuarial gain	Mainly 12 years	Mainly 12 years
Period of amortization of transition obligation	12 years	12 years

9. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of different taxes based on income which, in the aggregate, indicate a statutory income tax rate of approximately 40.7% for the years ended March 31, 2011 and 2012.

On December 2, 2011, the "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated in Japan. Under these revisions to corporate tax law, corporation tax rates will be reduced and a surtax, the Special Reconstruction Corporation Tax, will be imposed.

The normal effective statutory tax rate will be reduced from 40.7% to 38.0% for temporary differences expected to be settled or realized in the period between fiscal years beginning April 1, 2012 and April 1, 2014, and to 35.6% for temporary differences expected to be settled or realized in fiscal years beginning April 1, 2015 thereafter. The effect of this change was to decrease deferred tax assets by ¥1,848 million ($22,484 thousand), decrease deferred tax liabilities for land revaluation surplus by ¥64 million ($779 thousand), increase income taxes-deferred by ¥1,867 million ($22,716 thousand), and increase net unrealized gains on securities by ¥83 million ($1,010 thousand) in the consolidated financial statements as of and for the year ended March 31, 2012.

Significant components of deferred tax assets and liabilities at March 31, 2011 and 2012 were as follows:

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Tax loss carry forwards	¥21,495	¥18,398	$223,847
Accrued pension and severance costs	5,945	5,709	69,461
Allowance for doubtful accounts	2,168	2,593	31,548
Accrued bonuses	2,220	2,037	24,784
Loss on disposal of fixed assets	1,932	1,670	20,319
Other	10,502	10,631	129,347
Total deferred tax assets	44,262	41,038	499,306
Valuation allowance	(19,482)	(19,619)	(238,703)
Total deferred tax assets, net of valuation allowance	24,780	21,419	260,603
Deferred tax liabilities:			
Negative Goodwill	(1,844)	(1,282)	(15,598)
Revaluation gain on subsidiaries	(1,276)	(1,134)	(13,797)
Unrealized gain on securities	(709)	(640)	(7,787)
Other	(915)	(748)	(9,101)
Total deferred tax liabilities	(4,744)	(3,804)	(46,283)
Net deferred tax assets	¥20,036	¥17,615	$214,320

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

	2011	2012	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets (current assets)	¥ 5,367	¥ 6,321	$ 76,907
Deferred tax assets (investments and other assets)	15,227	11,794	143,497
Other long-term liabilities	(558)	(500)	(6,083)

In addition to the above, the Company recorded deferred tax liabilities on land revaluation surplus of ¥516 million and ¥452 million ($5,499 thousand) at March 31, 2011 and 2012 separately.

A reconciliation of the differences between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2011 and 2012 were summarized as follows:

	2011	2012
Statutory income tax rate	40.7%	40.7%
Increase (decrease) in taxes resulting from:		
Permanent non-deductible expenses	1.3	2.5
Amortization of goodwill	1.1	4.0
Equity in earnings of affiliates	(0.7)	(2.7)
Decrease of valuation allowance	(11.9)	—
Adjustment on deferred tax assets due to change in income tax rate	—	19.7
Other	(4.2)	(1.7)
Effective income tax rate	26.3%	62.5%

10. APPROPRIATIONS OF RETAINED EARNINGS

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 28, 2012:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends	**¥1,088**	**$13,238**

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.

11. 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.

12. 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.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to cost of sales and selling, general and administrative expenses for the years ended March 31, 2011 and 2012 were ¥4,798 million and ¥4,902 million ($59,642 thousand), respectively.

14. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2012 amounted to ¥326 million ($3,966 thousand) for loans guaranteed and other guarantees given in the ordinary course of business.

15. NET INCOME PER SHARE

Net income per share for the years ended March 31, 2011 and 2012 were summarized as follows:

	2011		
	Net income	Weighted average number of shares	Net income per share
	(Millions of yen)	(Thousands of shares)	(Yen)
Net income	¥11,040	544,012	¥20.29

	2012			
	Net income	Weighted average number of shares	Net income per share	
	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
Net income	**¥2,856**	**543,934**	**¥5.25**	**$0.06**

Diluted net income was not presented because the effect of convertible bonds would be anti-dilutive.

16. 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 aluminas and alumina hydrates ranging from raw materials to basic materials for ceramic compounds. The "Aluminum sheet and extrusions" segment produces sheet, coil, and extrusion products consisting primarily of shapes, tubes and rods. The "Fabricated products and others" segment produces a variety of products which include 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, 2011 and 2012 was as follows:

	2011					
	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	¥ 107,397	¥ 77,624	¥ 127,929	¥ 116,483	¥ —	¥ 429,433
Intersegment	45,504	20,498	8,246	698	(74,946)	—
Total	152,901	98,122	136,175	117,181	(74,946)	429,433
Operating profit	¥ 6,783	¥ 5,078	¥ 5,264	¥ 10,245	¥ (2,646)	¥ 24,724
Segment assets	¥ 104,354	¥ 82,165	¥ 109,710	¥ 104,279	¥ 14,377	¥ 414,885
Depreciation and amortization	¥ 3,506	¥ 4,059	¥ 3,447	¥ 4,749	¥ 70	¥ 15,831
Amortization of goodwill	¥ —	¥ —	¥ —	¥ 442	¥ —	¥ 442
Loss on impairment of fixed assets	¥ 106	¥ —	¥ —	¥ —	¥ —	¥ 106
Capital expenditures	¥ 3,374	¥ 3,629	¥ 2,194	¥ 6,062	¥ 104	¥ 15,363

(Note). Adjustments amounts are as follows.

1) Adjustments of ¥(2,646) million in segment profit are general corporate expenses.
2) Adjustments of ¥14,377 million in segment assets include ¥(15,828) million in the elimination of transactions between segments and ¥30,205 million in corporate assets.
3) Adjustments of ¥70 million in depreciation and amortization expenses have primarily to do with corporate assets.
4) Adjustments of ¥104 million for capital expenditures are the increase in corporate assets.

	2012					
	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	**¥ 99,560**	**¥70,618**	**¥127,972**	**¥104,859**	**¥ —**	**¥403,009**
Intersegment	**40,590**	**20,055**	**8,909**	**722**	**(70,276)**	**—**
Total	**140,150**	**90,673**	**136,881**	**105,581**	**(70,276)**	**403,009**
Operating profit	**¥ 5,227**	**¥ 1,569**	**¥ 6,392**	**¥ 3,402**	**¥ (2,925)**	**¥ 13,665**
Segment assets	**¥113,119**	**¥66,324**	**¥130,313**	**¥103,429**	**¥ 9,486**	**¥422,671**
Depreciation and amortization	**¥ 3,845**	**¥ 4,025**	**¥ 3,418**	**¥ 5,675**	**¥ 77**	**¥ 17,040**
Amortization of goodwill	**¥ —**	**¥ —**	**¥ —**	**¥ 938**	**¥ —**	**¥ 938**
Loss on impairment of fixed assets	**¥ 48**	**¥ —**	**¥ 146**	**¥ 57**	**¥ —**	**¥ 251**
Capital expenditures	**¥ 8,702**	**¥ 4,526**	**¥ 3,974**	**¥ 5,827**	**¥ 138**	**¥ 23,167**

	2012					
	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	$1,211,340	$ 859,204	$1,557,026	$1,275,812	$ —	$4,903,382
Intersegment	493,855	244,008	108,395	8,785	(855,043)	—
Total	1,705,195	1,103,212	1,665,421	1,284,597	(855,043)	4,903,382
Operating profit	$ 63,597	$ 19,090	$ 77,771	$ 41,391	$ (35,588)	$ 166,261
Segment assets	$1,376,311	$ 806,959	$1,585,509	$1,258,413	$ 115,417	$5,142,609
Depreciation and amortization	$ 46,782	$ 48,972	$ 41,586	$ 69,047	$ 937	$ 207,324
Amortization of goodwill	$ —	$ —	$ —	$ 11,413	$ —	$ 11,413
Loss on impairment of fixed assets	$ 584	$ —	$ 1,776	$ 694	$ —	$ 3,054
Capital expenditures	$ 105,877	$ 55,067	$ 48,351	$ 70,897	$ 1,679	$ 281,871

(Note 1). Adjustments amounts are as follows.

1) Adjustments of ¥(2,925) million ($(35,588) thousands) in segment profit are general corporate expenses.

2) Adjustments of ¥9,486 million ($115,417 thousands) in segment assets include ¥(17,560) million ($(213,651) thousands) in the elimination of transactions between segments and ¥27,046 million ($329,068 thousands) in corporate assets.

3) Adjustments of ¥77 million ($937 thousands) in depreciation and amortization expenses have primarily to do with corporate assets.

4) Adjustments of ¥138 million ($1,679 thousands) for capital expenditures are the increase in corporate assets.

(Note 2). Effective April 1, 2011, Nikkei Kenzai Kogyo Co., Ltd., its 5 subsidiaries and Nikkei Technology Center Co., Ltd., which were previously included in the "Fabricated products and others" segment are newly included in the "Aluminum sheet and extrusions" segment.

This change reflects the fact that the above subsidiaries are under the umbrella of Nikkeikin Kakoh Kaihatsu Holdings Company, Ltd., which was established in March 2011 for the purpose of accelerating decision making, ensuring efficient distribution of management resources and further strengthening the competitiveness of the Extrusions and Extrusion Fabrications business.

Geographical sales for the year ended March 31, 2011 and 2012 were summarized as follows:

2011			2012			2012		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥349,321	¥80,112	¥429,433	¥328,611	¥74,398	¥403,009	$3,998,187	$905,195	$4,903,382

As more than 90% of property, plant and equipment at March 31, 2011 and 2012 were in Japan, the disclosure of geographical property, plant and equipment information has been omitted.

17. SUBSEQUENT EVENTS

(Incorporation of Holding Company through Sole-Share Transfer)

The Company passed a resolution at a meeting of the Board of Directors on May 15, 2012 to incorporate "Nippon Light Metal Holdings Company, Ltd." (the "Holding Company") through a sole-share transfer. The resolution was approved at the 105th Ordinary General Meeting of Shareholders held on June 28, 2012.

1. Purpose of incorporation of the Holding Company

Looking at Nippon Light Metal Group as a whole, the total sales volume of the Company's consolidated subsidiaries and affiliates is three times larger than that of the Company.

The business scales of its consolidated subsidiaries and affiliates is significantly greater due to a result of the remarkable growth of their overseas businesses in China and Southeast Asia as well as the spin-off of certain of the Company's businesses to subsidiaries and affiliates. This trend is expected to continue in the future.

Under these circumstances, the Company has decided that, in order to achieve sustainable growth and enhance corporate value in the Nippon Light Metal Group, it is necessary to transform from the current structure in which each business requires the involvement of the Company and its consolidated subsidiaries and affiliates to a consolidated management setup that strictly separates management and the execution of business functions. The Company, therefore, resolved to move to a holding company structure.

The Holding Company will take on the role of proposing management strategies as the company that oversees the whole group within a new structure for corporate governance, and will distribute management resources effectively to its respective domestic and overseas businesses in order to meet the developing and diversified demand for aluminum and aluminum-related materials. It will increase corporate value through these clearly delineated business activities, and contribute to improving people's lives by supporting customers in various industrial fields.

As the Company will become a wholly owned subsidiary company of the Holding Company as a result of the share transfer, the Company will be de-listed from the Tokyo Stock Exchange and the Osaka Securities Exchange, and the stock of the Holding Company will be allocated to the shareholders of the Company. The Company plans to apply to newly list the shares of the Holding Company on the Tokyo Stock Exchange and the Osaka Securities Exchange. The listing date, depending on the review of the Tokyo Stock Exchange and the Osaka Securities Exchange, is scheduled to be October 1, 2012, registration date for the incorporation of the Holding Company (effective date of the share transfer).

2. Summary of share transfer

(1)Share Transfer Schedule

Record date for the annual shareholders meeting:	Saturday March 31, 2012
Board of Directors meeting for the approval of the preparation of the Share Transfer plan:	Tuesday May 15, 2012
Annual shareholders meeting for the approval of the preparation of the Share Transfer plan:	Thursday June 28, 2012
De-listing date:	Wednesday September 26, 2012 (scheduled date)
Registration date for the incorporation of the Holding Company (effective date of the Share Transfer):	Monday October 1, 2012 (scheduled date)
Listing date for the Holding Company's shares:	Monday October 1, 2012 (scheduled date)

* The (above) schedule may be changed, if necessary, in the course of completing the share transfer procedures or due to other reasons.

(2) Share Transfer Method

A sole-share transfer with the Company becoming a wholly owned subsidiary company of the Holding Company and the Holding Company becoming the wholly owning parent company incorporated through the share transfer.

(3) Allocation of Shares by Share Transfer (Share Transfer Ratio)

	Nippon Light Metal Holdings Company, Ltd. (Wholly owning parent company)	Nippon Light Metal Company, Ltd (Wholly owned subsidiary company)
Allocation ratio	1	1

1) Allocation ratio of the Holding Company's shares:

The shares of the Holding Company will be allotted to the shareholders of record in the final shareholders list as of the day immediately prior to the effective date of the share transfer at a rate of 1 share of the Holding Company for 1 share of the Company held by the shareholders.

2) Share unit number:

The number of shares constituting one unit of the shares of the Holding Company will be one hundred (100) shares.

As a result, the share unit number of the Holding company will be reduced to 100 from 1,000 which is the share unit number of the Company.

3) Basis of calculation of the allocation ratio:

To prioritize the fair treatment of Company shareholders, one share of common stock of the Holding Company will be allocated per share of common stock of the Company in accordance with the share transfer to ensure the shareholder composition of the Holding Company is the same as that of the Company currently.

4) Rules, method and basis of calculation by third party institution:

No calculation is made by any third party institution because of the reason in 3) "Basis of calculation of the allocation ratio" above.

5) Number of new shares to be delivered through the share transfer (scheduled):

545,126,049 shares

The (above) number of new shares to be delivered by the Holding Company may fluctuate if the total number of issued shares of the Company changes before the share transfer is effective.

With respect to treasury shares held by the Company, common stock of the Holding Company will be allocated in accordance with the share transfer ratio. As a result, the Company will temporarily hold the common stock of the Holding Company, and the method of disposal thereof will be announced when determined.

3. Details on Holding Company (tentative)

(1)Company Name:	Nippon Light Metal Holdings Company, Ltd.
(2) Address:	2-20, Higashi-Shinagawa, 2-chome, Shinagawa-ku, Tokyo
(3) Name of representative:	Takashi Ishiyama
(4) Primary business:	Management and administration of subsidiary company, and relevant operations
(5) Paid-in-Capital:	¥39,085,000,000
(6) Fiscal year end:	March 31
(7) Net assets:	Not yet determined
(8) Total assets:	Not yet determined

4. Summary of accounting treatment

This transaction will be treated as a "transaction under common control" under corporate accounting procedures, and, therefore, will have no effect on gain and loss. In addition, the transaction will not give rise to goodwill.

5. Future outlook

The Company will become a wholly owned subsidiary of the Holding Company by the share transfer. Accordingly, the business results of the Company will be reflected in the consolidated business results of the Holding Company, its wholly owning parent company.

The effect of this share transfer on the Company's business performance will be immaterial.

Ernst & Young

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Independent Auditor's Report

The Board of Directors
Nippon Light Metal Company, Ltd.

We have audited the accompanying consolidated financial statements of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, 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 Company, Ltd. and consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes that the Company passed a resolution at a meeting of the Board of Directors on May 15, 2012 to incorporate "Nippon Light Metal Holdings Company, Ltd." through a sole-share transfer. The resolution was approved at the 105th Ordinary General Meeting of Shareholders held on June 28, 2012. Our opinion is not qualified in respect of this matter.

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 2.

Ernst & Young ShinNihon LLC

June 28, 2012

Overseas Network

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 M.C. 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 Aluminium Ekco Shoji (Shanghai) Co., Ltd.
Shanghai, China
Phone: 86-21-5257-4116
Trading and marketing
(100%)

Sam-A Aluminium Co., Ltd.
Seoul, Korea
Phone: 82-31-6310-031
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%)

Thai Nikkei Trading Co., Ltd.
Thailand
Phone: 66-2726-9001
Aluminum alloys, scrap
(100%)

(As of July 31, 2012)

Directors And Officers

Directors

President
Representative Director
Takashi Ishiyama

Directors
Tsuyoshi Nakajima
Makoto Fujioka
Mitsuru Ishihara
Ichiro Okamoto
Toshihide Murakami
Atsushi Inoue
President and Representative Director of Nikkeikin Kakoh Kaihatsu Holdings Company, Ltd.
Hiroshi Yamamoto
President and CEO of Toyo Aluminium K.K.
Koji Ueno
President and CEO of Nippon Fruehauf Co., Ltd.
Hidetane Iijima*
Masato Ono*

* Outside Director

Auditors

Standing Statutory Auditors
Tadashi Asahi
Nobuo Matsumoto

Outside Statutory Auditors
Yuzuru Fujita
Katsuo Wajiki
Yasuo Yuki

Officers

President
Chief Executive Officer
Takashi Ishiyama

Executive vice president
Tsuyoshi Nakajima
Supervision of General Affairs Dept., IR & Public Relations, Accounting & Finance Dept., Group Metal Center and Purchasing & Logistics Dept.

Senior Executive Officers
Makoto Fujioka
General Manager of CSR Group, In Charge of Compliance, Supervision of Auditing Office, Personnel Dept., and Legal Dept., In Charge of Safety, In Charge of Environment and Specific Projects for Group Sales, Supervision of Osaka /Nagoya Regional Office

Mitsuru Ishihara
Supervision of Chemicals Div. and Rolled Product Div.

Ichiro Okamoto
General Manager of Technology & Development Group, Supervision of Strategic Committee for Product Commercialization and Business Development, General Manager of Central Product Safety & Quality Assurance Div.

Executive Officers
Toshihide Murakami
Supervision of Kambara Complex, Supervision of Capacitor Foil, and Landscape Products Div.

Takashi Hara
Supervision of Heat Exchanger Div., Divisional Manager of Metal & Alloy and Shaped Parts

Yasunori Okamoto
General Manager of Planning Dept., In Charge of Overseas Strategy, Supervision of Tomakomai Complex

Officers
Hirokazu Takatoku
General Manager of Legal Dept., Deputy General Manager of CSR Group, General Manager of Compliance Office, CSR Group

Kotaro Yasuda
Divisional Manager of Chemicals

Minoru Sotoike
General Manager of Accounting & Finance Dept.

Yasuhiro Sai
Divisional Manager of Rolled Products

Shinichi Shinohara
Divisional Manager of Heat Exchanger

Hideki Amimura
General Manager of Group Metal Center and Purchasing & Logistics Dept.

Takayuki Tsuchida
General Manager of Group Technology Center of Technology & Development Group

(As of July 1, 2012)

Corporate Data

Head Office

NYK Tennoz Building
2-20, Higashi-Shinagawa 2-chome
Shinagawa-ku, Tokyo 140-8628, Japan
http://www.nikkeikin.co.jp
Phone: 81-3-5461-9211
Fax: 81-3-5461-9344

Established

March 30, 1939

Paid-In Capital

¥39,085 million

Shares of Common Stock

Authorized: 1,600,000,000
Issued: 545,126,049

Number of Shareholders

53,286

Stock Exchange Listings

Tokyo, Osaka

Transfer Agent of Common Stock

The Chuo Mitsui Trust & Banking Co., Ltd.

Last Shareholders' Meeting

June 28, 2012

Major Shareholders

(Ratio of Stock Holding)

Japan Trustee Services Bank, Ltd.
(trust accounts)
(11.4%)

The Master Trust Bank of Japan, Ltd.
(trust accounts)
(5.1%)

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

Japan Trustee Services Bank, Ltd.
(trust accounts 9)(2.9%)

Asahi Mutual Life Insurance Co.
(2.8%)

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

Nikkei-Keiyu-Kai
(2.7%)

Mizuho Corporate Bank, Ltd.
(2.1%)

Namekawa Aluminium Co., Ltd.
(1.6%)

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

(As of March 31, 2012)

Cautionary Statement

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

Nippon Light Metal Company, Ltd.
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