ANNUAL REPORT 2002

Year Ended March 31, 2002

NIPPON LIGHT METAL COMPANY, LTD.

Profile

Nippon Light Metal Company Ltd. (NLM), has maintained the position of industry leader for 63 years. Today, as only fully integrated aluminum manufacturer in Japan, we have comprehensive operations including the: conversion of bauxite into alumina; generation of electric power for aluminum plants; smelting of aluminum from alumina; manufacturing, distribution and marketing of semifinished and finished aluminum and nonaluminum-based products; and production and sales of industrial chemicals.

In fiscal 2001, ended March 31, 2002, NLM began rebuilding its income, owing to management structural reforms implemented to date, including the withdrawal from unprofitable businesses, thorough cost-reduction activities, and other measures to enhance profitability.

In addition to these reforms, new product development under our matrix organization (development structure spanning the entire organization) and exhaustive daily management control helped NLM turn around from the net loss of fiscal 2000 and move into the black in the year under review.

Contents

Cautionary Statement

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

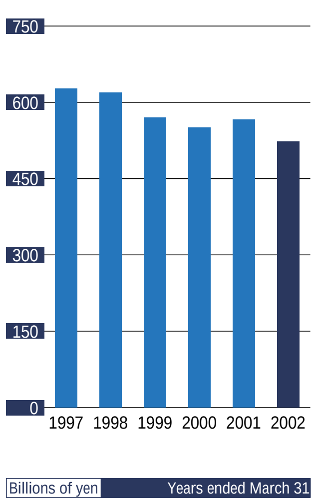
Consolidated Six-Year Summary

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

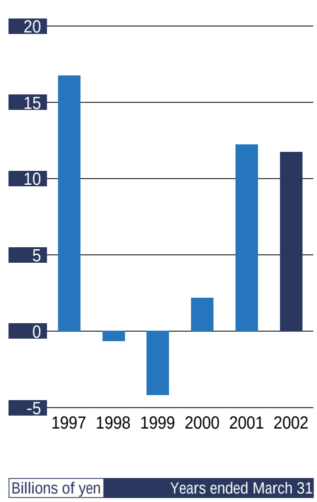
	Millions of yen						Thousands of U.S. dollars
	1997	1998	1999	2000	2001	**2002**	**2002**
For the year:							
Net sales	¥626,787	¥617,595	¥569,036	¥549,194	¥565,223	**¥521,861**	**$3,916,405**
Operating profit (loss)	16,727	(574)	(4,153)	2,150	12,205	**11,723**	**87,977**
Net income (loss)	(1,516)	(11,846)	(19,248)	(14,096)	(21,905)	**1,518**	**11,392**
At year-end:							
Total assets	668,954	716,753	640,989	605,346	600,373	**564,287**	**4,234,799**
Shareholders' equity	144,405	131,836	93,481	100,509	81,478	**83,314**	**625,246**
Short-term borrowings and long-term debt, including commercial paper	279,596	333,052	340,445	310,891	298,256	**289,872**	**2,175,400**
Per share data (yen and dollars):							
Net income (loss)	¥ (2.82)	¥ (22.07)	¥ (40.98)	¥ (31.01)	¥ (41.22)	**¥ 2.79**	**$ 0.02**
Cash dividends	2.00	2.00	2.00	2.00	—	**1.50**	**0.01**
Shareholders' equity	269.00	245.59	232.18	198.45	149.96	**153.36**	**1.15**
Stock information (TSE) (yen and dollars):							
Stock price:							
High	¥ 690	¥ 480	¥ 199	¥ 199	¥ 116	**¥ 147**	**$ 1.10**
Low	367	133	112	66	69	**59**	**0.44**

Note: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥133.25 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

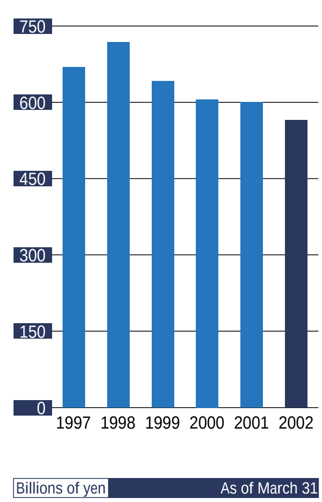
Net Sales



Operating Profit (Loss)



Total Assets



To Our Shareholders

Shigesato Sato
President and CEO

I would like to take this opportunity to outline the business results and future prospects of Nippon Light Metal Company, Ltd. (NLM), and its consolidated group companies, as of the close of fiscal 2001, ended March 31, 2002.

Operating Results

NLM Achieves a Turnaround to Profitability and Declares Dividends

The NLM Group faced a very severe operating environment in fiscal 2001. The Japanese economy suffered prolonged deflation, while further economic globalization caused changes in the supply-demand structure and competition intensified in markets in which the Group is active.

Nevertheless, the Group was able to post net income for the fiscal year, following five years of net losses, and declare dividends of ¥1.50 per share of common stock, after not being able to pay dividends in fiscal 2000. I believe that these achievements confirm the steady success of Groupwide efforts to raise profitability and respond more flexibly to changes in its operating environment.

Management Structure Reforms Bear Fruit

In an atmosphere of continuing economic sluggishness, the NLM Group has successfully shifted toward a multi-core business structure based on its business concept of expanding high-value-added components and end products while reinforcing the traditional material business by using its resources related to aluminum, alumina and carbon.

In the year under review, demand for materials used in information technology (IT) devices dropped significantly after the bursting of the IT bubble. However, the NLM Group achieved strong performances in areas in which it maintains leading market positions, which drove the return to profitability. These businesses include chemicals, panel systems, aluminum powder and paste, van- and truck-outfitting operations of Nippon Fruehauf Co., Ltd., and housings for cellular and mobile telecommunications base stations of NLM ECAL Company, Ltd.

Meanwhile, wholly owned Shin Nikkei Company, Ltd., continues to impressively improve its results. Since I took over as president of NLM in April 2001, I have constantly emphasized the importance of hands-on management, getting all employees and managers, including myself, directly in touch with NLM management issues. Under a new operating structure also implemented in April 2001, Shin Nikkei has made notable strides in implementing hands-on management. Under their new president, Shin Nikkei's people now better understand their businesses, enabling them to build an integrated organization linking manufacturing, marketing and sales. Shin Nikkei has also reinforced its strategies to boost overall efficiency and ensure customer satisfaction. Furthermore, that company's "central nervous system," or head office organization, is more closely linked with the "epidermal nerves," or the sales people who work directly with customers. As a result, Shin Nikkei's quality and delivery performance now rival those of leading competitors.

New Mid-Term Management Plan Commences

In fiscal 2001, we initiated specific programs under the NLM Group Mid-term Management Plan, formulated in November 2001.

In the months and years ahead, Shin Nikkei will continue to step up its internally driven reformation activities. Specifically, that company is taking a two-pronged approach to establish foundations for profitability. One is to bolster marketing efforts to improve the profitability of its building materials operations. The other is to cut costs.

In the aluminum extrusion and fabricated products operations of NLM, we will carry out radical reforms. For example, we will thoroughly control income and losses at each business unit, foster innovative employees who can meet the challenge of the new, and install these people in positions of responsibility in business promotion.

Based on the idea that there are "no profits without a competitive edge," we will actively allocate resources to businesses with high potential. In addition, by pursuing more efficient, dynamic development activities, we will generate strong new products and businesses.

Amid prolonged deflation in Japan, improving our cost structure is an important management issue. We intend to devote ourselves to reducing procurement and distribution costs, centered on the activities of NLM and Shin Nikkei.

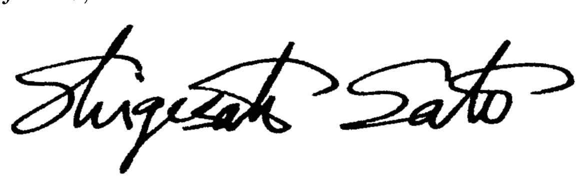
Forecast for Fiscal 2002

In fiscal 2002, the NLM Group plans to steadily implement specific programs under the Mid-term Management Plan, and aims to achieve consolidated ordinary profit of ¥10.0 billion and net income of ¥7.0 billion. Specific activities will include cost cutting and rationalization at Shin Nikkei, centered on that company's building materials operations, thereby improving its profitability by ¥4.0 billion. In our aluminum extrusion business, we seek to add more than ¥1.0 billion to the bottom line. This will be by contracting fixed costs, particularly by retiring two extrusion machines and their related facilities, rationalizing human resources, and spinning off these operations to Nikkeikin Act Company, Ltd., a new wholly owned subsidiary. We also foresee enhanced profitability in our capacitor foils, the foil operations of wholly owned Toyo Aluminium K.K., and our sheet operations in line with a recovery in the market for IT-related products.

However, such factors as deflation in Japan and intensifying competition will make price reductions inevitable. We plan to combat this situation by streamlining labor, distribution and procurement activities, thus meeting the income targets I have outlined.

I look forward to the continuing support and understanding of our shareholders as we drive toward our goals.

June 27, 2002



Shigesato Sato
President and CEO

What Is Different? What Will We Change in the Future?

A year has passed since the NLM Group began operations under a new management structure. Shigesato Sato, president and CEO of NLM, discusses what has changed in the past year, and what changes he foresees NLM making in the years ahead.

Q. ***What was the first thing on your mind when you became president last year?***

A. My first thoughts were that the NLM Group already possessed many seeds that could sprout into new businesses and products, and that we must turn this potential into profitability. I also knew that my mission as president was to foster a continuously circulating process that would build strong business results into the future. Turning potential into reality requires that we point out where the Group should head, and how to get there. Meanwhile, each business unit needs to exercise firm management control to strengthen our near-term performance. I believed that the completion of these two tasks would significantly improve our results.

Q. ***What did you consider first to reach these objectives?***

A. First, I wanted to formulate our Mid-term Management Plan and strictly manage results on a monthly basis. We devised that plan to present the optimal form of the NLM Group, obliging every employee in a position of responsibility to back up strategic plans.

By managing profits and losses on a monthly basis, the plan plants the seeds of individual responsibility for reaching targets. In addition, I urged our people to think in terms of competitiveness and strategy, and actively make all of resources, particularly our people, integral to our strategy. This kind of thinking leads to the development of executives who can manage our technologies, organization and human resources.

Cementing these two concepts in the Group culture was the main theme of my first year as president. I think we have made definite steps forward to our goals. I feel positive about our progress.

However, to ensure profitability in the medium and long term, we must modify our business structure, create powerful products to build a competitive edge, and implement widespread reforms in our corporate culture. I think we have only just scratched the surface.

Q. ***Would you give us some specific examples of change in the NLM Group?***

A. Firstly, we established the Strategic Committee For Product Commercialization and Business Development, whose task is to take the lead in applying resources from throughout the NLM Group to create new business opportunities. We also made headway in integrating management of development activities, comprehensively cultivating our markets and shortening lead times in product development. Several new business units emerged under the leadership of young and mid-level employees. One of our aims is to empower employees who would not normally enjoy the chance under a line management system. I have high hopes that we will revitalize our human resources, and reform our corporate culture.

Secondly, the awareness of employees responsible for the success of each plan has risen throughout the NLM Group, so that, even if monthly results slide, they can come up with and implement countermeasures more quickly.

I believe that any organization can function well if top management takes a hands-on approach to its operational issues and provide optimal leadership.

Q. ***In today's constant change, what are your thoughts on the development and treatment of employees, the people who make growth possible?***

A. I expect our employees to have the competitive capabilities required in business activities.

I think that the fundamental point here is that individuals make the effort to learn. On the other hand, employees cannot self-develop if we don't give them opportunity to face new challenges. This is why I believe that we must strike a balance between the desire of individual employees to build their careers and the paths and opportunities we provide.

One of my concerns is that the number of passive young employees could expand in the NLM Group. To prevent this situation from arising, we are ensuring that our people interact with the marketplace. I want to maximize opportunities for dynamic, go-getting employees.

To translate words into action, our executives must clearly understand that their objective is to pursue competitive superiority and profitability. This stance should be the basis of every corporate activity. Only companies that deliver on those objectives can win and truly foster talented employees.

Q. ***What path do you envision for the NLM Group?***

A. I want innovation, reform and the spirit of challenge to drive our corporate culture. Constant reform is crucial amid constant change. Companies fail when they stop reforming.

Because change in the business world originates in the marketplace, we must remain fully in touch with our markets, or pursue hands-on management, while always thinking from the point of view of the market, or take a market-in approach to our activities.

In order to ensure that what I mentioned above becomes a reality, the Company will plan and control its business activities using "competitive edge in the marketplace" as a measurement tool.

In personnel management, we will actively put our most dynamic and flexible young employees in touch with the marketplace and assign those who succeed to positions of responsibility throughout our organization.

Under our Mid-term Management Plan, we aim to achieve consolidated net sales of ¥590 billion and ordinary profit of ¥23 billion by fiscal 2006. To meet these targets, we must increase the number of businesses in which we lead competitively. The most important tasks before us are fully implementing each of the plans I have outlined, enriching the Company with the spirit of innovation and challenge, and establishing a corporate culture that provides all employees with opportunities to actively pursue their careers.

Mid-Term Management Plan (Implemented on November 22, 2001)

The management philosophy of the NLM Group is to pursue management that balances the needs of our shareholders, customers, suppliers, employees and the regional community, and earns the respect of society. We established the NLM Group Mid-term Management Plan based on the awareness that we must build a strong corporate structure through the ongoing implementation of organizational reforms.

This is the action plan for all Group management. We are thus prioritizing our business pursuits, including the withdrawal from unprofitable operations. We are also setting in motion plans to further strengthen profitability, thereby reinforcing our ability to respond effectively to changes in our operating environment and build a solid Group structure with high growth potential.

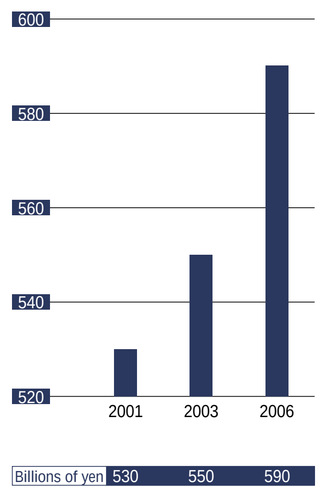
Following is an outline of the Mid-term Management Plan. (Figures are presented on a consolidated basis).

Vision

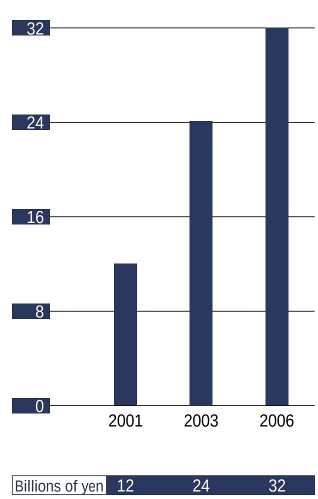
1. We will become a corporate group of highly profitable businesses. We will make great strides in improving our profitability and financial structure.
2. In business areas subject to structural problems, we will create cost structures that can withstand market contractions.
3. We will fully utilize our internal resources, develop our aluminum-based businesses, and contribute widely to society by providing products and services that address the issues of the 21st century, as represented by the evolution of a recycling-based society, the increasing population of the elderly and expanding needs for amenities in general.

Management Targets

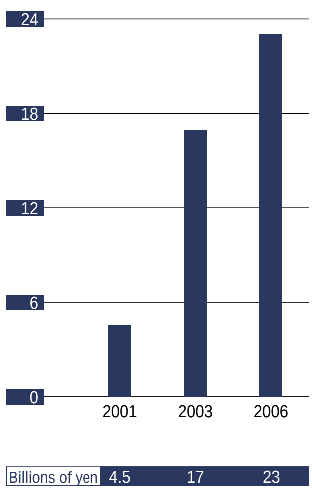
Net Sales



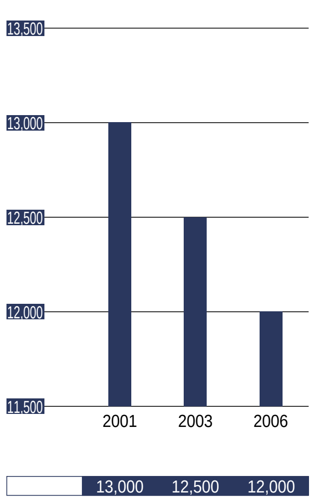
Operating Profit



Ordinary Profit



Number of Employees



Action Plans

1. Revitalizing the Building Materials Business (Shin Nikkei)

We will establish firm foundations for profitability in this business based on the assumption of 900,000 housing starts annually. Through cost-cutting and other measures, we will make this business profitable by fiscal 2003.

2. Improving the Structure of the Extrusion Products Business

(1) Tactical elimination of extrusion facilities

As a structural improvement initiative in our extrusion products operations, which has surplus facilities and equipment, we retired six production lines in fiscal 2000 and two extrusion machines in fiscal 2001. We will do away with another two facilities in the first half of fiscal 2002.

(2) Reinforcing cost-competitiveness

We will shift extrusion production, which is currently spread throughout the NLM Group, to highly cost-competitive plants. By the end of fiscal 2002, we will spin off NLM's extrusion business into a subsidiary. We will also integrate the Group's extrusion products sales operations.

3. Reducing Overall Costs

By cutting the Group's procurement and logistics spending, reducing variable expenses through productivity enhancement, and decreasing labor and other fixed costs, we will cut the Group's overall expenditure by ¥21 billion by fiscal 2006.

4. Making Strong Business Stronger

(1) Actively applying internal resources

We will apply internal resources to business areas in which we hold competitive edges so they can dominate the marketplace.

(2) Spinning off panel system operations

To respond more flexibly to changes in the marketplace, realize more efficient management and strengthen the foundations of profitability, we will spin off our Panel Systems Division into a subsidiary, by October 2002.

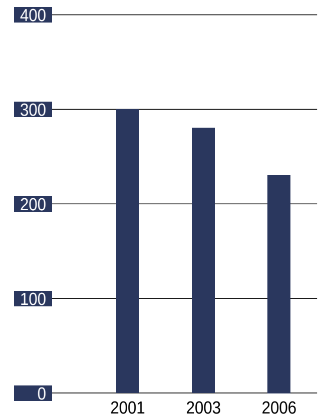
5. Creating Solid New Products and Businesses

The NLM Group has worked from the core Strategic Committee For Product Commercialization and Business Development to create new products and businesses. Under the Mid-term Management Plan, new products and businesses should generate about ¥8.0 billion in operating profit, or around 25% of the total, by fiscal 2006.

Financial Targets

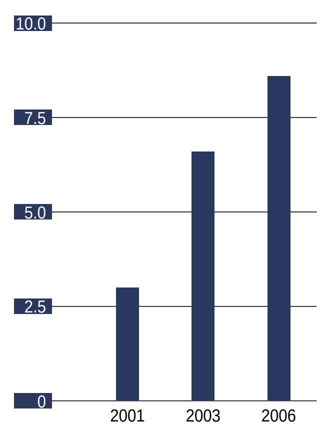
1. **Reduce interest-bearing debt by ¥70.0 billion, to ¥230 billion, by the end of fiscal 2006**
2. **Achieve a return on capital employed of more than 8%, in fiscal 2006**

Interest-Bearing Debt



Billions of yen	300	280	230

Return on Capital Employed (ROCE)



%	3.0	6.6	8.6

Review of Operations

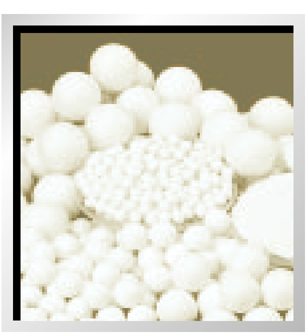
Aluminum Ingot and Chemicals

High-purity aluminum ingots

In its alumina and chemicals operations, NLM responded swiftly to changes in the market environment by reinforcing production for highly promising products, such as aluminum hydroxide for flame retardants and organic chloride chemicals for functional materials. Although shipments of aluminum hydroxide, chlorides and other products were strong, sales plunged for high-value-added products, including low-soda alumina used primarily as a base material for electro-ceramics and white aluminum hydroxide used in artificial marble, owing to the IT recession.

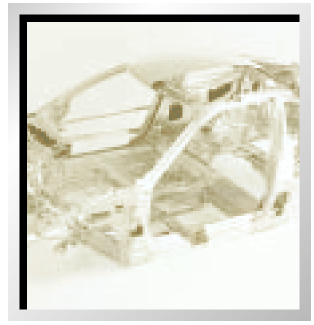
In aluminum and aluminum alloy operations, shipments were strong in the major client category of automobile manufacturing, but the sluggish economic environment led to a significant drop in sales, particularly in Southeast Asia.

As a result of these factors, sales of aluminum ingots and chemicals declined 7.0%, or ¥6.4 billion, to ¥84.8 billion. Operating profit decreased 34.4%, or ¥2.9 billion, to ¥5.6 billion.



High-quality alumina

Aluminum Sheet and Extrusions



This vehicle frame incorporates NLM's aluminum extrusion materials.

In our aluminum sheet operations, the increasing use of aluminum in new automobiles, partially to reduce vehicle weight, sustained favorable shipments to the automobile manufacturing industry. However, significantly lower demand for aluminum foil stock for capacitors, aluminum plate for semiconductor production equipment and other IT-related products caused sales to decline notably. Sales of other products also suffered from slow demand.

In our aluminum extrusion business, marketing that focused on promoting higher-value-added products led to a surge in sales in the automobile components and other categories. On the other hand, lackluster demand for IT and construction products greatly lowered sales of major products, such as pipe stock and general-purpose materials. Our shipments of extrusion products for trucks were basically unchanged from the previous year.

In this environment, our sales of aluminum sheet and extrusion products fell 21.4%, or ¥14.8 billion, to ¥54.2 billion. We also posted an operating loss of ¥620 million, compared with an operating profit of ¥1.4 billion in fiscal 2000.

Fabricated Products and Others

Aluminum paste

In aluminum foil, aluminum powder and paste, our sales of aluminum powders and pastes decreased in Japan, but sales of new products grew, while exports to countries in the Association of South East Asian Nations (ASEAN) and East Asia were favorable. Our sales of high-purity aluminum foil for capacitors declined considerably under the influence of the IT recession.

In our transportation-related business, new product development, successful efforts to win customers and a trend toward manufacturing lighter trucks supported an overall rise in revenues from special-equipping operations for vans and trailers, offsetting a decline in sales of standard trucks. Sales of automobile-related products slipped slightly in fiscal 2001, owing mainly to such factors as our partial transfer of air-conditioner capacitor production to subsidiary Nikkei Heat Exchanger Company, Ltd. In our shaped parts activities, shipments fell for a new-model brake caliper we introduced in fiscal 2000, but we began accepting orders for new products, particularly for automobile parts.

In electronic materials, large inventory adjustments in sectors related to IT forced NLM to adjust production of anodized aluminum foil for electrolytic capacitors, greatly lowering sales.

Orders for landscape engineering products slid owing to a reduction in public investment under the Japanese government's structural reform programs. Intensified competition caused prices to plunge, creating an extremely severe operating environment. We transferred sales activities in this category to Sumikei-Nikkei Engineering Co., Ltd., our 50-50 joint venture with Sumitomo Light Metal Industries, Ltd., on August 1, 2000. NLM's sales since that time have been to the joint venture.

In our panel systems business, sales of commercial freezers and refrigerators were favorable in the first half to supermarkets, convenience stores, food-processing plants and other businesses subject to Hazardous Analysis and Critical Control Point (HACCP) regulations. Although such issues as Bovine Spongiform Encephalopathy (BSE), or "mad cow disease," led to a drop in private-sector capital investment in the second half, sales for the year increased. On the other hand, despite vigorous marketing efforts, shipments of our clean rooms declined, as semiconductor and liquid crystal device (LCD) manufacturers decided to postpone or cancel large facility investments amid the IT recession.

Sales decreased in NLM's other processed products and related businesses. Shipments declined for numerous products in the temporary construction and industrial materials category because of the sluggish economic environment and intensified price competition. However, customer confidence in our technological capabilities was reflected in increased orders for maintenance equipment for nuclear power facilities and investments in truck-related products. Sales of containers (aluminum mini-kegs for beer) decreased, owing to the increasing popularity of low-malt liquor. In activities related to housings, particularly for cellular telephone and mobile communications base stations, preparations for third-generation cellular telephone services contributed to a large increase in sales. Sales were sluggish for other products in this segment, owing primarily to the stagnant economy and deflationary pressures.

As a result of the aforementioned factors, sales in the fabricated products and others segment fell 8.0%, or ¥18.1 billion, to ¥207.7 billion. Operating profit was down 11.9%, or ¥1.3 billion, to ¥9.5 billion.

Building Materials

The Gate City Osaki Building in Tokyo adopts Shin Nikkei's aluminum building materials.

Group sales of housing construction materials slipped, as housing starts in Japan decreased 3.3% from the previous year, to 1.2 million, the second consecutive year of decline. The harsh operating environment was exacerbated by decreasing prices of new homes, which forced prices of construction materials down. In this environment, the NLM Group, particularly Shin Nikkei, worked to redress transaction prices in the building materials business, which was hit particularly hard by price reductions. We also strove to cut distribution costs while raising product quality to improve profitability.

As a result of these activities, although sales in this segment decreased 2.3%, or ¥4.1 billion, to ¥175.2 billion, operating profit was ¥328 million, against an operating loss of ¥5.3 billion in fiscal 2000. This success represents the first operating profit from building materials activities in five years.

Financial Review

Overview

In fiscal 2001, ended March 31, 2002, the Japanese economy performed poorly, due to both the prolonged IT recession and the sluggishness of the world economy, following the terrorist attacks in the U.S. Against this backdrop, the performance of Japanese corporate sector deteriorated amidst declining business investment, increased job-cuts and falling personal income which dampened consumer-spending and accelerated the domestic recession.

In the face of this difficult operating environment, shipments from the aluminum industry fell due to lower demand in the construction, IT and other industries. Generally speaking, weak domestic demand and intensified price competition hampered profitability.

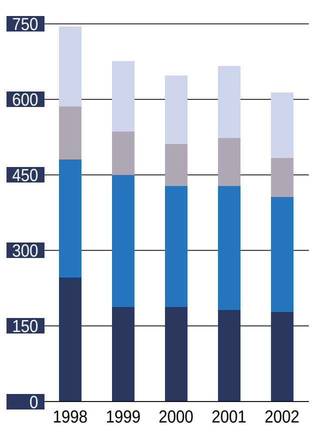
Earnings and Expenses

NLM saw a sharp fall in shipments of foil stock for capacitors due to the IT recession, while all other product categories also performed worse than the fiscal 2000 and the prices fell . As a result, consolidated net sales decreased 7.7%, or ¥43.4 billion, to ¥521.9 billion ($3,916 million).

The cost of sales fell 9.2%, or ¥42.2 billion, to ¥419.2 billion ($3,146 million), and the cost of sales ratio slipped 1.3 percentage points, to 80.3%. Cost-reduction efforts and a variety of activities to boost profitability helped NLM reduce selling, general and administrative expenses 0.7%, or ¥656 million, to ¥90.9 billion ($683 million). This limited the percentage fall in operating profit to 3.9%, or ¥482 million, to ¥11.7 billion ($88 million).

Non-operating income declined 0.4%, or ¥33 million, to ¥8.3 billion ($62 million), primarily because of decrease in equity in earnings of affiliated companies despite a ¥1.3 billion increase in amortization of negative goodwill due to reorganization of Shin Nikkei into a wholly owned subsidiary in August 2000.

Net Sales By Segment

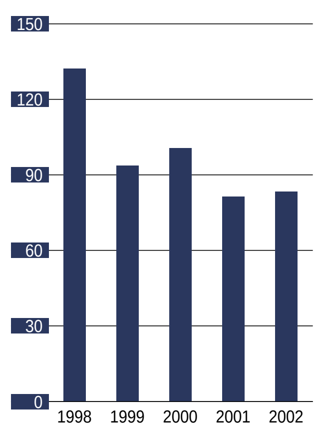


** including intersegment transactions*

Billions of yen | Years ended March 31

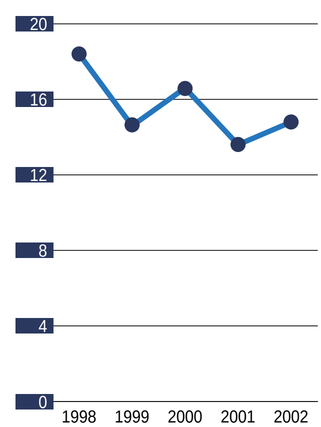
- *Aluminum Ingot and Chemicals*
- *Aluminum Sheet and Extrusions*
- *Fabricated Products and Others*
- *Building Materials*

Total Shareholders' Equity



Billions of yen | As of March 31

Equity Ratio



% | As of March 31

Non-operating expenses were lower by 13.7%, or ¥2.4 billion, to ¥15.2 billion ($114 million), due in part to a ¥1.7 billion decline in the amortization of transition obligation for employee retirement benefits after the effort of restructuring the entity in fiscal 2000. In this environment, ordinary profit augmented 65.3%, or ¥1.9 billion, to ¥4.8 billion ($36 million).

The Company posted special gains of ¥1.7 billion ($13 million), primarily due to the sales of the fixed assets. Furthermore, in fiscal 2001, the company did not incur massive special losses caused by restructuring. Therefore, NLM was able to turn around a consolidated net loss of ¥21.9 billion in fiscal 2000, into a consolidated net income of ¥1.5 billion ($11 million). Net income per share of common stock was ¥2.79 ($0.02).

Achieving its first net income in six years, cash dividends of ¥1.50 ($0.01) per share of common stock for fiscal 2001 were approved at the ordinary general meeting of shareholders of the Company held on June 27, 2002.

Assets, Liabilities and Shareholders' Equity

Total assets decreased 6.0%, or ¥36.1 billion, to ¥564.3 billion ($4,235 million). Current assets dropped 7.7%, or ¥25.6 billion, to ¥305.8 billion ($2,295 million), due primarily to a decrease of ¥24.2 billion in notes and accounts receivable-trade which fell in line with the drop in net sales. As a result of lower capital expenditures, the Company decreased its fixed assets by ¥5.0 billion. Investments and other assets fell ¥6.0 billion from the previous term, due in part to a ¥1.7 billion decrease of investment securities, resulting from sales of stocks.

Total liabilities shrank 7.4%, or ¥38.1 billion, to ¥476.6 billion ($3,577 million). Because of a drop in the volume of materials and components procurement in line with weak demand and less production, notes and accounts payable-trade decreased significantly, and interest-bearing debt fell 2.8%, or ¥8.4 billion, to ¥289.9 billion ($2,175 million).

Shareholders' equity increased 2.3%, or ¥1.8 billion, to ¥83.3 billion ($625 million), largely due to higher net income of ¥1.5 billion. Shareholders' equity per share of common stock was ¥153.36 ($1.15), and the shareholders' equity ratio rose 1.2 percentage points to 14.8%. Because NLM adopted the market-valuation method for financial instruments in its accounting procedures from fiscal 2001, it posted unrealized gains of ¥324 million on investments held in other securities. NLM decreased its additional paid-in capital while it transferred ¥7.7 billion into retained earnings on the consolidation for its settlement of losses in fiscal 2000.

Cash Flows

Cash and cash equivalents at the end of the fiscal year were up ¥5.9 billion, to ¥47.6 billion ($357 million).

Net cash provided by operating activities totaled ¥26.7 billion ($200 million), due to ¥6.1 billion ($46 million) profit in income before income taxes and minority interest plus sharply reduced notes and accounts receivable-trade and the depreciation and amortization.

Net cash used for investing activities totaled ¥12.3 billion ($92 million). While cash was generated by sales of investment securities, it was consumed in net for the purchase of fixed assets.

Net cash used for financing activities totaled ¥9.4 billion ($71 million). While cash came in from such categories as proceeds from long-term debt, the redemption of bonds caused a rise of cash going-out.

Consolidated Balance Sheets

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
As of March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	2001	2002	2002
Current assets:			
Cash and deposits (Notes 4 and 7)	¥ 40,497	¥ 48,755	$ 365,891
Notes and accounts receivable—trade (Notes 7 and 14)	196,792	172,598	1,295,295
Inventories (Note 5)	78,133	73,381	550,702
Deferred income taxes (Note 9)	3,932	4,324	32,450
Other current assets (Notes 4 and 6)	15,486	10,644	79,880
Allowance for doubtful accounts	(3,462)	(3,889)	(29,186)
Total current assets	331,378	305,813	2,295,032
Fixed assets:			
Property, plant and equipment (Notes 7 and 12)—			
Buildings and structures	135,090	136,737	1,026,169
Machinery and equipment	297,498	302,900	2,273,171
Land	64,198	64,784	486,184
Construction-in-progress	3,888	2,800	21,013
Accumulated depreciation	(299,010)	(310,540)	(2,330,507)
	201,664	196,681	1,476,030
Intangible fixed assets	3,436	3,941	29,576
Investments and other assets:			
Investment securities (Notes 6 and 7)	40,175	38,515	289,043
Long-term loans receivable	2,974	–	–
Deferred income taxes (Note 9)	10,126	8,237	61,816
Other assets	17,471	19,143	143,662
Allowance for doubtful accounts	(6,851)	(8,043)	(60,360)
	63,895	57,852	434,161
	268,995	258,474	1,939,767
	¥ 600,373	¥ 564,287	$ 4,234,799

The accompanying notes are an integral part of these statements.

LIABILITIES, MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 7)	¥152,333	¥179,307	$1,345,644
Notes and accounts payable—trade	136,401	112,569	844,795
Other current liabilities (Note 9)	44,132	42,856	321,621
Total current liabilities	332,866	334,732	2,512,060
Long-term liabilities:			
Long-term debt (Note 7)	145,923	110,565	829,756
Accrued pension and severance costs (Note 8)	18,654	20,042	150,409
Negative goodwill (Note 3)	9,166	5,240	39,324
Other long-term liabilities (Note 9)	8,065	6,023	45,201
	181,808	141,870	1,064,690
Minority interest in consolidated subsidiaries	4,221	4,371	32,803
Shareholders' equity;			
Common stock—			
Authorized: 1,600,000,000 shares			
Issued: 543,350,370 shares	39,085	39,085	293,321
Additional paid-in capital	32,300	24,569	184,383
Revaluation surplus (Note 10)	493	493	3,700
Retained earnings (Note 11)	10,032	19,428	145,801
Net unrealized gains on securities	–	324	2,432
Foreign currency translation adjustment	(432)	(578)	(4,338)
Less: treasury stock, at cost	(0)	(7)	(53)
	81,478	83,314	625,246
Contingent liabilities (Note 14)			
	¥600,373	¥564,287	$4,234,799

Consolidated Statements of Operations

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Net sales	¥565,223	¥521,861	$3,916,405
Cost of sales	461,413	419,189	3,145,884
Gross profit	103,810	102,672	770,521
Selling, general and administrative expenses	91,605	90,949	682,544
Operating profit	12,205	11,723	87,977
Non-operating income:			
Interest income	249	156	1,171
Amortization of negative goodwill	2,594	3,926	29,464
Equity in earnings of affiliated companies	751	—	—
Foreign currency exchange gain, net	1,106	—	—
Other	3,658	4,243	31,842
Total non-operating income	8,358	8,325	62,477
Non-operating expenses:			
Interest expense	6,519	6,257	46,957
Equity in losses of affiliated companies	—	141	1,058
Amortization of transition obligation for employee retirement benefits (Note 8)	4,499	2,797	20,991
Other	6,639	6,048	45,388
Total non-operating expenses	17,657	15,243	114,394
Ordinary profit	2,906	4,805	36,060
Special gains:			
Gain on sale of fixed assets	1,531	924	6,934
Gain on sale of investment securities	529	810	6,079
Total special gains	2,060	1,734	13,013
Special losses:			
Loss on devaluation of investment securities	4,222	463	3,475
Equity in loss of an affiliated company	8,682	—	—
Loss on disposal of fixed assets	4,471	—	—
Exchange loss on investment securities	4,415	—	—
Additional retirement allowance for early retirement program	2,335	—	—
Suspension expenses	872	—	—
Total special losses	24,997	463	3,475
Income (loss) before income taxes and minority interest	(20,031)	6,076	45,598
Income taxes (Note 9)—current	3,293	2,916	21,883
—deferred	(640)	1,163	8,728
	2,653	4,079	30,611
Minority interest in income (loss) of consolidated subsidiaries	(779)	479	3,595
Net income (loss)	(¥ 21,905)	¥ 1,518	$ 11,392

	Yen		U.S. dollars (Note 2)
Per share of common stock:			
Net income (loss)	(¥ 41.22)	¥ 2.79	$ 0.02
Cash dividends	¥ —	¥ 1.50	$ 0.01

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2001 and 2002

		Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Revaluation surplus	Retained earnings	Net unrealized gains on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2000	510,825,514	¥37,458	¥30,837	¥493	¥32,123	¥ —	¥ —	(¥402)
Net loss					(21,905)			
Cash dividends					(1,013)			
Directors' and statutory auditors' bonuses					(37)			
Stock issued under exchange offering (Note 3)	32,524,856	1,627	1,463					
Inclusion in consolidation of unconsolidated subsidiaries					358			
Affiliated company newly accounted for by the equity method					506			
Foreign currency translation adjustment							(432)	
Net decrease in treasury stock								402
Balance at March 31, 2001	543,350,370	¥39,085	¥32,300	¥493	¥10,032	¥ —	(¥432)	(¥ 0)
Net income					1,518			
Directors' and statutory auditors' bonuses					(42)			
Transfer from additional paid-in capital to retained earnings			(7,731)		7,731			
Inclusion in consolidation of unconsolidated subsidiaries					189			
Net unrealized gains on securities (Note 6)						324		
Foreign currency translation adjustment							(146)	
Net increase in treasury stock								(7)
Balance at March 31, 2002	**543,350,370**	**¥39,085**	**¥24,569**	**¥493**	**¥19,428**	**¥ 324**	**(¥578)**	**(¥ 7)**

		Thousands of U.S. dollars (Note 2)						
	Number of shares issued	Common stock	Additional paid-in capital	Revaluation surplus	Retained earnings	Net unrealized gains on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2001	543,350,370	$293,321	$242,402	$3,700	$ 75,287	$ —	($3,242)	($ 0)
Net income					11,392			
Directors' and statutory auditors' bonuses					(315)			
Transfer from additional paid-in capital to retained earnings			(58,019)		58,019			
Inclusion in consolidation of unconsolidated subsidiaries					1,418			
Net unrealized gains on securities (Note 6)						2,432		
Foreign currency translation adjustment							(1,096)	
Net increase in treasury stock								(53)
Balance at March 31, 2002	**543,350,370**	**$293,321**	**$184,383**	**$3,700**	**$145,801**	**$ 2,432**	**($4,338)**	**($53)**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2002	2002
Cash flows from operating activities:			
Income (loss) before income taxes and minority interest	(¥20,031)	¥ 6,076	$ 45,598
Depreciation and amortization	19,368	18,542	139,152
Amortization of negative goodwill	(2,594)	(3,926)	(29,464)
Loss on disposal of fixed assets	4,471	—	—
Gain on sale of fixed assets, net	(1,531)	(924)	(6,934)
Gain on sale of investment securities	(529)	(810)	(6,079)
Exchange loss on investment securities	4,415	—	—
Loss on devaluation of investment securities	4,222	463	3,475
Increase in accrued pension and severance costs	1,438	1,376	10,326
Interest and dividend income	(494)	(462)	(3,467)
Interest expense	6,519	6,257	46,957
Equity in losses of affiliated companies	7,931	141	1,058
(Increase) decrease in notes and accounts receivable—trade	(3,396)	24,811	186,199
(Increase) decrease in inventories	(5,796)	4,842	36,338
Increase (decrease) in notes and accounts payable—trade	16,304	(22,479)	(168,698)
Other	202	1,454	10,912
Sub total	30,499	35,361	265,373
Interest and dividend income received	986	661	4,961
Interest paid	(6,555)	(6,389)	(47,947)
Income taxes paid	(2,232)	(2,948)	(22,124)
Net cash provided by operating activities	22,698	26,685	200,263
Cash flows from investing activities:			
Decrease in time deposits	198	8	60
Payments for purchase of investment securities	(640)	(611)	(4,585)
Proceeds from sale of investment securities	1,542	2,977	22,341
Payments for purchase of fixed assets	(14,167)	(15,235)	(114,334)
Proceeds from sale of fixed assets	3,347	1,259	9,448
(Increase) decrease in long-term loans receivable	181	(289)	(2,169)
Other	219	(359)	(2,694)
Net cash used for investing activities	(9,320)	(12,250)	(91,933)
Cash flows from financing activities:			
Decrease in short-term borrowings	(1,113)	(2,724)	(20,443)
Proceeds from long-term debt	13,829	41,678	312,780
Payments of long-term debt	(25,925)	(47,575)	(357,036)
Proceeds from sale of treasury stock	447	15	113
Cash dividends paid by the Company	(1,012)	(2)	(15)
Cash dividends paid to minority interest	(42)	(395)	(2,964)
Other	(472)	(413)	(3,099)
Net cash used for financing activities	(14,288)	(9,416)	(70,664)
Effect of exchange rate changes on cash and cash equivalents	96	156	1,171
Net increase (decrease) in cash and cash equivalents	(814)	5,175	38,837
Cash and cash equivalents at beginning of year	41,912	41,683	312,818
Cash and cash equivalents of newly consolidated subsidiaries	585	736	5,523
Cash and cash equivalents at end of year (Note 4)	¥41,683	¥47,594	$357,178

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Nippon Light Metal Company, Ltd. and its consolidated subsidiaries

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presenting financial statements —

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

(b) Consolidation and investments in affiliated companies —

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

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

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

Negative goodwill, recognized on the integration of a subsidiary company, Shin Nikkei Company, Ltd. for the year ended March 31, 2001, is being amortized on a straight-line basis over a 3-year period.

(c) Translation of foreign currencies —

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

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

(d) Cash and cash equivalents —

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

(e) Inventories —

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

(f) Financial Instruments —

i) Derivatives —

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

ii) Securities —

Securities held by the Company and its subsidiaries are classified into 'Held-to-maturity debt securities', 'Investments in equity securities issued by unconsolidated subsidiaries and affiliates' and 'Other securities'.

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

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

Until the year ended March 31, 2001, 'Other securities' for which market quotations are available were stated at cost. However, effective from the year ended March 31, 2002, the Company and its domestic subsidiaries adopted the new Japanese accounting standard for financial instruments which affected the valuation method used for 'Other securities' with available market quotations. Under the new standard, 'Other securities' for which market quotations are available are stated at fair value as of the end of the year with net unrealized gains or losses being included as a separate component of shareholders' equity, net of related taxes. Realized gains and losses on sales are determined using the average cost method and are included in the net profit or loss for the period. As a result of adoption of the new standard, "Investment securities", 'Deferred income taxes' included under "Other long-term liabilities", "Minority interest in consolidated subsidiaries" and "Net unrealized gains on securities" increased by ¥819 million ($6,147 thousand), ¥193 million ($1,448 thousand), ¥23 million ($173 thousand), and ¥324 million ($2,432 thousand), respectively, and "Deferred income taxes" included under "Investments and other assets" decreased by ¥279 million ($2,094 thousand), as compared with the amounts which would have been reported if the previous standard had been applied consistently.

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

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

iii) Hedge accounting —

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

Gains or losses arising from changes in the fair value of the derivatives designated as 'hedging instruments' are deferred as an asset or liability and included in net profit or loss in the same period in which the gains and losses on the hedged items or transactions are recognized. The Companies use interest rate swaps to hedge their interest rate risk exposure. Amounts receivable or payable related to the swaps are recorded in interest expense of the underlying depts.

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

(g) Allowance for doubtful accounts —

The allowance for doubtful accounts is estimated 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 uncollectable receivables is provided on an individual account basis.

(h) Property, plant and equipment and depreciation —

Property, plant and equipment are stated at cost. Depreciation is computed principally using the straight-line method at rates based on the estimated useful lives of the respective assets.

(i) Accrued pension and severance costs —

"Accrued pension and severance costs" represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets, except for the unrecognized transition amount and unrecognized actuarial differences. The unrecognized transition amount is being amortized on a straight-line basis over 12 years, except for the unrecognized transition amount in respect of retired employees to whom the early retirement program applied which was amortized at the time of their retirement. The unrecognized actuarial differences are being amortized on a declining-balance basis over 12 years from the year following that in which they arise.

(j) Lease transactions —

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

(k) Income taxes —

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

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

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

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

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

2. U.S. DOLLAR AMOUNTS:

The rate of ¥133.25 = U.S.$1, the approximate current rate prevailing on March 31, 2002, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements. These amounts are included solely for convenience and should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted translation procedures.

3. INTEGRATION OF A SUBSIDIARY COMPANY:

On August 1, 2000, a subsidiary company Shin Nikkei Company, Ltd. ("SNC"), engaged in manufacturing and sale of building material, became a wholly-owned subsidiary of the Company through exchange offer procedures. Prior to the exchange offer procedures, the Company owned 66.7% of common stock of SNC. The share exchange ratio was one share of SNC for 0.86 shares of the Company. The exchange was accounted for using the purchase method. As a result, "Negative goodwill" increased by ¥11,776 million, "Minority interest in consolidated subsidiaries" decreased by ¥14,866 million, "Common stock" increased by ¥1,627 million, and "Additional paid-in capital" increased by ¥1,463 million. Negative goodwill on this transaction is being amortized on a straight-line basis over a 3-year period.

4. CASH AND CASH EQUIVALENTS:

A reconciliation of "Cash and cash equivalents" to the accounts disclosed on the balance sheets at March 31, 2001 and 2002 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Cash and deposits	¥40,497	**¥48,755**	**$365,891**
Time deposits with maturity in excess of 3 months	(1,343)	**(1,271)**	**(9,538)**
Commercial paper included in "Other current assets"	2,529	**110**	**825**
Cash and cash equivalents	¥41,683	**¥47,594**	**$357,178**

5. INVENTORIES:

Inventories at March 31, 2001 and 2002 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Finished products	¥26,184	**¥25,340**	**$190,169**
Work-in-process, including costs related to construction-type-contracts	38,729	**36,001**	**270,176**
Raw materials and supplies	13,220	**12,040**	**90,357**
	¥78,133	**¥73,381**	**$550,702**

6. MARKETABLE SECURITIES AND INVESTMENT SECURITIES:

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

The aggregate carrying amount, market value and gross unrealized gains and losses of 'Held-to-maturity debt securities' with available market values at March 31, 2001 and 2002 were as follows:

	Millions of yen			
	2001			
	Carrying amount	Unrealized gains	Unrealized losses	Market value
Corporate bonds	¥2,005	¥0	¥33	¥1,972

	Millions of yen			
	2002			
	Carrying amount	Unrealized gains	Unrealized losses	Market value
Corporate bonds	**¥2,000**	**¥ —**	**¥62**	**¥1,938**

	Thousands of U.S. dollars			
	2002			
	Carrying amount	Unrealized gains	Unrealized losses	Market value
Corporate bonds	**$15,009**	**$ —**	**$465**	**$14,544**

(b) 'Other securities' with available market value —

The aggregate cost, carrying amount and gross unrealized gains and losses of 'Other securities' with available market values at March 31, 2002 were as follows:

	Millions of yen			
	2002			
	Cost	Unrealized gains	Unrealized losses	Carrying amount
Equity securities	**¥6,848**	**¥1,888**	**¥1,011**	**¥7,725**
Other	**209**	**—**	**75**	**134**
	¥7,057	**¥1,888**	**¥1,086**	**¥7,859**

	Thousands of U.S. dollars			
	2002			
	Cost	Unrealized gains	Unrealized losses	Carrying amount
Equity securities	**$51,392**	**$14,169**	**$7,587**	**$57,974**
Other	**1,568**	**—**	**563**	**1,005**
	$52,960	**$14,169**	**$8,150**	**$58,979**

Disclosure of the above information for the fiscal year ended March 31, 2001 is not required.

(c) The realized gains and losses on sale of 'Other securities' during the years ended March 31, 2001 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Selling amount	¥776	**¥614**	**$4,608**
Realized gains on sale	529	**105**	**788**
Realized losses on sale	—	**44**	**330**

(d) The carrying amounts of 'Held-to-maturity securities' and 'Other securities' without available market values at March 31, 2001 and 2002, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
(1) 'Held-to-maturity securities':			
Domestic debt securities privately offered	¥ 125	**¥ 135**	**$ 1,013**
(2) 'Other securities':			
Equity investments in non-public companies	11,395	**11,454**	**85,959**
Other	2,606	**59**	**443**

(e) The redemption schedules for maturity of debt securities at March 31, 2001 and 2002 were as follows:

	Millions of yen			
	2001			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities:				
Government and municipal bonds	¥ 128	¥ —	¥—	¥125
Corporate debt securities	2,000	2,000	—	—
Other	500	—	—	—
Other	209	28	2	—
	¥2,837	¥2,028	¥ 2	¥125

	Millions of yen			
	2002			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities:				
Government and municipal bonds	**¥110**	**¥ —**	**¥—**	**¥125**
Corporate debt securities	**—**	**2,010**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Other	**—**	**235**	**2**	**—**
	¥110	**¥2,245**	**¥ 2**	**¥125**

	Thousands of U.S. dollars			
	2002			
	Due within one year	Due after one year, but within five years	Due after five years, but within ten years	Due after more than ten years
Debt securities:				
Government and municipal bonds	**$826**	**$ —**	**$—**	**$938**
Corporate debt securities	**—**	**15,084**	**—**	**—**
Other	**—**	**—**	**—**	**—**
Other	**—**	**1,764**	**15**	**—**
	$826	**$16,848**	**$15**	**$938**

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

"Short-term borrowings" at March 31, 2002 bore interest at annual rates ranging from 0.580% to 3.420% and represented generally bank loans or short-term notes maturing at various dates within one year.

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

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Loans, principally from banks and insurance companies due from 2001 to 2014 with interest rates ranging from 1.000% to 8.020%:			
Secured	¥ 43,164	¥ —	$ —
Unsecured	46,825	—	—
Loans, principally from banks and insurance companies due from 2002 to 2014 with interest rates ranging from 0.800% to 8.020%:			
Secured	—	40,648	305,051
Unsecured	—	59,594	447,234
Unsecured 2.90% Bonds due November 7, 2002, redeemable before due date	10,000	10,000	75,047
Unsecured 2.45% Bonds due December 5, 2001, redeemable before due date	10,000	—	—
Unsecured 2.75% Bonds due December 5, 2002, redeemable before due date	10,000	10,000	75,047
Unsecured 2.45% Bonds due January 10, 2002, redeemable before due date	10,000	—	—
Unsecured 2.65% Bonds due February 10, 2004, redeemable before due date	10,000	10,000	75,047
Unsecured 2.40% Bonds due February 10, 2003, redeemable before due date	10,000	10,000	75,047
Unsecured 2.45% Bonds due July 25, 2003, redeemable before due date	10,000	10,000	75,047
Unsecured 2.675% Bonds due August 20, 2004, redeemable before due date	10,000	10,000	75,047
Unsecured 2.175% Bonds due September 11, 2002, redeemable before due date	10,000	10,000	75,047
Unsecured 2.00% Bonds due June 22, 2001, redeemable before due date	5,000	—	—
Unsecured 2.40% Bonds due July 19, 2002, redeemable before due date	7,000	7,000	52,533
Unsecured 1.25% Bonds due July 20, 2006, redeemable before due date	—	9,000	67,542
	191,989	186,242	1,397,689
Less: portion due within one year	(46,066)	(75,677)	(567,933)
Total long-term debt	¥145,923	¥110,565	$ 829,756

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

A summary of assets pledged as collateral for "Short-term borrowings" and "Long-term debt" at March 31, 2002 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits	¥ 233	$ 1,749
Notes and accounts receivable—trade	332	2,492
Property, plant and equipment	112,303	842,799
Investment securities	568	4,263

The aggregate annual maturities of "Long-term debt" beyond March 31, 2002 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥ 75,677	$ 567,933
2004	42,901	321,959
2005	32,135	241,163
2006	13,203	99,084
2007	16,666	125,073
Thereafter	5,660	42,477
	¥186,242	$1,397,689

8. RETIREMENT BENEFIT PLANS:

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

"Accrued pension and severance costs" as of March 31, 2001 and 2002 can be analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Projected benefit obligations	(¥67,577)	**(¥70,936)**	**($532,353)**
Fair value of plan assets	21,161	**21,279**	**159,692**
	(46,416)	**(49,657)**	**(372,661)**
Unrecognized transition amount	25,067	**22,308**	**167,415**
Unrecognized actuarial differences	2,695	**7,343**	**55,107**
	(18,654)	**(20,006)**	**(150,139)**
Prepaid pension expenses	—	**36**	**270**
Accrued pension and severance costs	(¥18,654)	**(¥20,042)**	**($150,409)**

The net pension cost related to retirement benefits for the years ended March 31, 2001 and 2002 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Service cost	¥3,797	**¥4,141**	**$31,077**
Interest cost	1,793	**1,748**	**13,118**
Expected return on plan assets	(628)	**(568)**	**(4,263)**
Amortization of transition amount	*1 4,499	**2,797**	**20,991**
Amortization of unrecognized actuarial differences	—	**455**	**3,415**
Net pension cost	¥9,461	**¥8,573**	**$64,338**

*1 *The above figures include an amount of ¥2,098 million and ¥546 million ($4,098 thousand) for the years ended March 31, 2001 and 2002, respectively, in respect of employees who retired during the respective fiscal years under the eary retirement program. These amounts were amortized at the time of employees' retirement.*

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

	2001	**2002**
Discount rate	3.0%	**2.5%**
Expected rate of return on plan assets	3.0%	**3.0%**
Method of attributing the projected benefits to periods of employee service	Straight-line basis	**Straight-line basis**
Amortization of unrecognized actuarial differences	Mainly 12 years	**Mainly 12 years**
Amortization of transition amount	12 years	**12 years**

9. INCOME TAXES:

The Company and its domestic subsidiaries are subject to a number of different taxes based on income which, in aggregate, indicate a statutory effective tax rate of approximately 42% for the years ended March 31, 2001 and 2002.

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

Significant components of deferred tax assets and liabilities at March 31, 2001 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Deferred tax assets:			
Tax loss carry forwards	¥ 20,199	¥ 26,890	$ 201,801
Accrued pension and severance costs	5,270	6,472	48,570
Allowance for doubtful accounts	2,399	2,895	21,726
Loss on write-down of investment securities	6,571	1,849	13,876
Loss on disposal of fixed assets	3,425	1,731	12,991
Others	8,413	7,056	52,953
Total gross deferred tax assets	46,277	46,893	351,917
Valuation allowance	(31,782)	(34,043)	(255,482)
Total deferred tax assets, net of valuation allowance	14,495	12,850	96,435
Deferred tax liabilities:			
Depreciation	(87)	(80)	(600)
Others	(465)	(516)	(3,873)
Total gross deferred tax liabilities	(552)	(596)	(4,473)
Net deferred tax assets	¥ 13,943	¥ 12,254	$ 91,962

A reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2002 is as follows:

	2002
Statutory tax rate	42.0%
Increase (decrease) in taxes resulting from:	
Permanently non-deductible expenses	7.3
Amortization of negative goodwill	(27.1)
Equalization inhabitants taxes	9.4
Increase in valuation allowance	37.2
Other	(1.7)
Effective income tax rate	67.1%

As a result of the "Loss before income taxes and minority interest" for the year ended March 31, 2001, a breakdown for fiscal 2001 is not required to be presented.

10. REVALUATION SURPLUS:

On March 31, 2000, as permitted by the Land Revaluation Law, an equity affliate of the Company revalued its land used for business purposes. As a result of this revaluation, the Company recognized as its share of the revaluation surplus the equity portion of the affiliate's revaluation surplus net of related taxes.

11. APPROPRIATIONS OF RETAINED EARNINGS:

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 27, 2002.

	Millions of yen	Thousands of U.S. dollars
Cash dividends	¥815	$6,116

12. LEASE TRANSACTIONS:

The Companies charge or credit to income periodic lease payments and receipts for finance leases that do not have options to transfer ownership of the leased assets to the lessee. Such periodic lease payments and receipts under finance lease contracts totaled ¥2,113 million and ¥1,961 million ($14,717 thousand), and ¥142 million and ¥101 million ($758 thousand), respectively, for the years ended March 31, 2001 and 2002. Future lease payments and receipts under the Companies' finance leases and non-cancelable operating leases, including amounts representing interest, at March 31, 2001 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Lease payments:			
Due within one year	¥2,382	¥1,757	$13,186
Due beyond one year	3,027	2,134	16,015
	¥5,409	¥3,891	$29,201
Lease receipts:			
Due within one year	¥ 288	¥ 236	$1,771
Due beyond one year	294	163	1,223
	¥ 582	¥ 399	$2,994

Leased assets under the Companies' finance leases, where lessors retain ownership of leased assets, are accounted for as operating leases by the Companies. If such leases had been capitalized, then the cost of the assets and the related accumulated depreciation at March 31, 2001 and 2002 would have been as follows:

	Millions of yen		
	2001		
	Cost	Accumulated depreciation	Net amount
Buildings and structures	¥ 74	¥ 59	¥ 15
Machinery and equipment	8,890	4,793	4,097
Intangible fixed assets	156	77	79
	¥9,120	¥4,929	¥4,191

	Millions of yen			Thousands of U.S. dollars
	2002			2002
	Cost	Accumulated depreciation	Net amount	Net amount
Buildings and structures	¥ 26	¥ 13	¥ 13	$ 97
Machinery and equipment	7,561	4,504	3,057	22,942
Intangible fixed assets	155	86	69	518
	¥7,742	¥4,603	¥3,139	$23,557

The depreciation amount for these leased assets computed on the straight-line method over the period of the leases would have been ¥2,113 million and ¥1,961 million ($14,717 thousand) for the years ended March 31, 2001 and 2002, respectively.

Fixed assets, excluding sub-leased assets, which are leased to other companies under finance leases without options to transfer ownership of the leased assets to the lessee at March 31, 2001 and 2002, were as follows:

	Millions of yen		
	2001		
	Cost	Accumulated depreciation	Net amount
Machinery and equipment	¥153	¥107	¥46

	Millions of yen			Thousands of U.S. dollars
	2002			2002
	Cost	Accumulated depreciation	Net amount	Net amount
Machinery and equipment	**¥147**	**¥96**	**¥51**	**$383**

The depreciation amount for these leased assets computed on the straight-line method over the period of the leases would have been ¥105 million and ¥90 million ($675 thousand) for the years ended March 31, 2001 and 2002, respectively.

13. DERIVATIVES:

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

The following are the interest rate swap contracts at March 31, 2002 that have been recognized as a suspension of the hedges. Accordingly, the net unrealized gain was credited to income.

	Millions of yen			Thousands of U.S. dollars		
	2002			2002		
	Contract amount	Estimated fair value	Unrealized gain/(loss)	Contract amount	Estimated fair value	Unrealized gain/(loss)
Interest rate swap contracts:						
Variable-rate into fixed-rate obligations	**¥11,000** *1	**¥298** *2	**¥141**	**$82,552**	**$2,236**	**$1,058**
Fixed-rate into variable-rate obligations	**11,000** *1	**(84)** *2	**(73)**	**82,552**	**(630)**	**(548)**

**1 The "Contract amount" represents the nominal amount of the interest rate swap contracts.*

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

Any derivatives to which hedge accounting is applied are excluded from the above table.

14. CONTINGENT LIABILITIES:

Contingent liabilities at March 31, 2002 for loans guaranteed and other guarantees given in the ordinary course of business amounted to ¥27,069 million ($203,144 thousand), including ¥6,027 million ($45,231 thousand) shared by other joint guarantors, and ¥5,383 million ($40,398 thousand) for notes discounted.

15. SEGMENT INFORMATION:

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

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

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

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

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

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

Export sales and operations outside Japan are insignificant.

Information by industry segment for the years ended March 31, 2001 and 2002 were as follows:

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

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

	Millions of yen					
	2002					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	**¥ 84,775**	**¥54,239**	**¥207,652**	**¥175,195**	**¥ —**	**¥521,861**
Intersegment	**44,795**	**24,849**	**18,713**	**3,179**	**(91,536)**	**—**
Total	**129,570**	**79,088**	**226,365**	**178,374**	**(91,536)**	**521,861**
Operating expenses	**123,981**	**79,708**	**216,841**	**178,046**	**(88,438)*1**	**510,138**
Operating profit (loss)	**¥ 5,589**	**(¥ 620)**	**¥ 9,524**	**¥ 328**	**(¥ 3,098)**	**¥ 11,723**
Identifiable assets	**¥ 95,847**	**¥78,617**	**¥201,230**	**¥184,200**	**¥ 4,393 *2**	**¥564,287**
Depreciation	**¥ 2,921**	**¥ 3,007**	**¥ 5,632**	**¥ 6,901**	**¥ 81**	**¥ 18,542**
Capital expenditures	**¥ 2,984**	**¥ 2,437**	**¥ 5,610**	**¥ 3,856**	**¥ 60**	**¥ 14,947**

**1 Netting of corporate items...¥3,063 million *2 Netting of corporate items...¥32,080 million*

	Thousands of U.S. dollars					
	2002					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
Sales:						
Customers	**$636,210**	**$407,047**	**$1,558,364**	**$1,314,784**	**$ —**	**$3,916,405**
Intersegment	**336,173**	**186,484**	**140,435**	**23,858**	**(686,950)**	**—**
Total	**972,383**	**593,531**	**1,698,799**	**1,338,642**	**(686,950)**	**3,916,405**
Operating expenses	**930,439**	**598,184**	**1,627,324**	**1,336,180**	**(663,699)*1**	**3,828,428**
Operating profit (loss)	**$ 41,944**	**($ 4,653)**	**$ 71,475**	**$ 2,462**	**($ 23,251)**	**$ 87,977**
Identifiable assets	**$719,302**	**$589,996**	**$1,510,169**	**$1,382,364**	**$ 32,968 *2**	**$4,234,799**
Depreciation	**$ 21,921**	**$ 22,567**	**$ 42,266**	**$ 51,790**	**$ 608**	**$ 139,152**
Capital expenditures	**$ 22,394**	**$ 18,289**	**$ 42,102**	**$ 28,938**	**$ 450**	**$ 112,173**

**1 Netting of corporate items...$22,987 thousand *2 Netting of corporate items...$240,750 thousand*

Report of Independent Accountants

PRICEWATERHOUSECOOPERS

June 27, 2002

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and of cash flows, expressed in Japanese yen, present fairly in all material respects the financial position of Nippon Light Metal Company, Ltd. and its consolidated subsidiaries at March 31, 2001 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan. These consolidated financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan, which require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1(f) to the accompanying consolidated financial statements, effective from the year ended March 31, 2002, the Company and its domestic subsidiaries adopted the new Japanese accounting standard for financial instruments, which affected the valuation method used for "Other securities" with available market guotations.

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

PricewaterhouseCoopers

Notice to Readers

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

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

Overseas Network

Overseas Subsidiaries
and Affiliates

North America

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

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

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

Europe

Toyal Europe Société Anonyme
Bedous, France
Phone: 33-5-59-983535
Aluminum powder and paste
(100%)

East Asia

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

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

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

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

Southeast Asia

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

Alcan Nikkei Siam Limited
Bangkok, Thailand
Phone: 66-2-529-0136
Aluminum sheet, foil [3]

Aluminium Company of Malaysia Bhd.
Malaysia
Phone: 60-3-7956-1588
Aluminum sheet, foil, extrusions [4]

Alcom Nikkei Specialty Coatings Sdn. Bhd.
Malaysia
Phone: 60-3-3342-2234
Pre-coated finstock [5]

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

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

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

[1] Interest held through Nikkei Hong Kong Aluminium Co., Ltd., which is 100% owned by NLM

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

[3] 33%; Interest held through ANAH
37%; Interest held through Nikkei Holdings Pte. Ltd., which is 100% owned by ANAH

[4] 59.15%; Interest held through ANAH

[5] 51%; Interest held through Aluminium Company of Malaysia Bhd.
49%; Interest held through ANAH

(As of March 31, 2002)

Directors and Officers

Directors

Yukoh Masuda
Chairman of the Board

Shigesato Sato
President
Representative Director

Yoshisato Hiratsuka

Akihiko Hayashi

Kimihito Kakitani

Takashi Ishiyama

Kazuyuki Hasegawa

Hisao Kobayashi

Ariyoshi Okumura

Glen R. Lucas

Auditors

Hideaki Nagaoka

Hajime Hosokawa

Yasuyuki Wakahara

Seiichi Takeda

Officers

Shigesato Sato
President
Chief Executive Officer

Yoshisato Hiratsuka
Executive Vice President
Senior Executive Officer

Akihiko Hayashi
Executive Vice President
Senior Executive Officer

Kimihito Kakitani
Senior Executive Officer

Shigeru Kohmura
Executive Officer

Michio Hara
Executive Officer

Takashi Ishiyama
Executive Officer

Motoi Kobayashi
Executive Officer

Yoshinobu Hiki
Executive Officer

Takamichi Sakai
Executive Officer

Teruo Miyashita

Koji Kawakami

Tsuyoshi Nakajima

Toshikazu Wasa

Mitsuru Ishihara

Yoshiaki Kurihara

(As of June 27, 2002)

Corporate Data

Head Office
NYK Tennoz Building
2-20, Higashi-Shinagawa 2-chome
Shinagawa-ku, Tokyo 140-8628, Japan
http://www.nikkeikin.co.jp
Phone: 03-5461-9333
Fax: 03-5461-9344
E-mail: nlmmaster@nikkeikin.co.jp

Established
March 30, 1939

Paid-In Capital
¥39,085 million

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

Number of Shareholders
56,348

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

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

Last Shareholders' Meeting
June 27, 2002

Major Shareholders
Alcan Nikkei Asia Holdings Ltd.
(8.39%)
Dai-Ichi Kangyo Bank, Ltd.
(3.71%)
Asahi Mutual Life Insurance Co.
(3.64%)
Industrial Bank of Japan, Ltd.
(3.46%)
The Sumitomo Trust & Banking Co., Ltd.
(3.22%)
The Chuo Mitsui Trust & Banking Co., Ltd.
(3.08%)
The Light Metal Educational Foundation, Inc.
(2.74%)
Namekawa Aluminum Co., Ltd.
(2.67%)
Nikkei-Keiyu-Kai
(2.09%)
Itochu Co., Ltd.
(2.05%)

Major Domestic Affiliated Companies

Shin Nikkei Company, Ltd.
Aluminum sashes, construction materials[1]

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

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

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

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

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

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

Nikkei Logistics Co., Ltd.
Transport, warehousing[2]

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

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

[1] 98%; Direct interest by NLM
2%; Interest held through Nikkei Sangyo Co., Ltd.
[2] 46%; Direct interest by NLM
44%; Interest held through Shin Nikkei Co., Ltd.
10%; Interest held through Nippon Fruehauf Co., Ltd.

(As of March 31, 2002)

NLM