ANNUAL REPORT 2008

Year ended March 31, 2008

NIPPON LIGHT METAL COMPANY, LTD.

PROFILE

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

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

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

CONTENTS

Cautionary Statement

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

CONSOLIDATED FINANCIAL HIGHLIGHTS

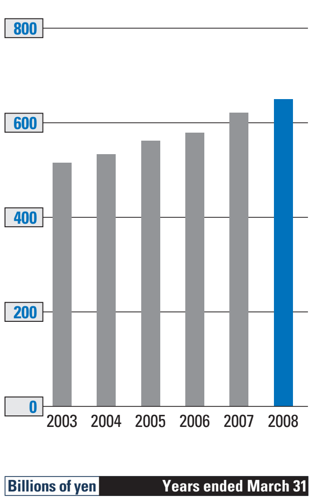
Nippon Light Metal Company, Ltd. and its consolidated subsidiaries
Years ended March 31

	2007	2008	2008
	Millions of yen		Thousands of U.S. dollars
For the year:			
Net sales	¥618,158	**¥647,846**	**$6,466,174**
Operating profit	30,519	**17,998**	**179,639**
Net income (loss)	12,755	**(10,310)**	**(102,904)**
At year-end:			
Total assets	579,463	**540,473**	**5,394,480**
Net assets	142,111	**128,997**	**1,287,524**
Short-term borrowings and long-term debt, including bonds and capital lease obligation	222,884	**224,075**	**2,236,500**
Per share data (yen and dollars):			
Net income (loss)—basic	¥ 23.56	**¥ (19.00)**	**$ (0.19)**
—diluted	22.36	**—**	**—**
Cash dividends	5.00	**3.00**	**0.03**
Net assets	254.82	**223.61**	**2.23**
Stock information (TSE) (yen and dollars):			
Stock price:			
High	¥ 399	**¥ 363**	**$ 3.62**
Low	267	**134**	**1.34**

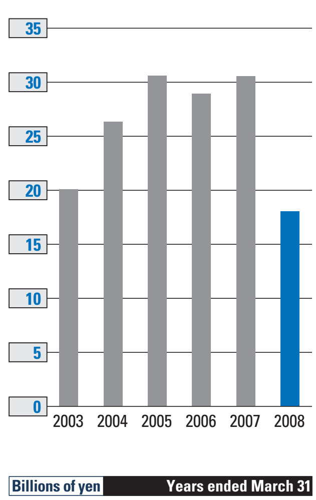
Note1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥100.19 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Note2: Effective the year ended March 31, 2007, the Company adopted the new accounting standard "Accounting Standard of Presentation of Net Assets in the Balance Sheet". See Note1 (b) of the Consolidated Financial Statements.

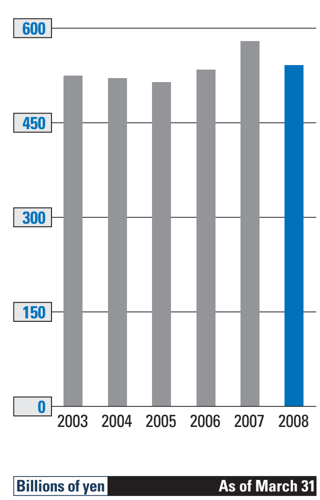
Net Sales

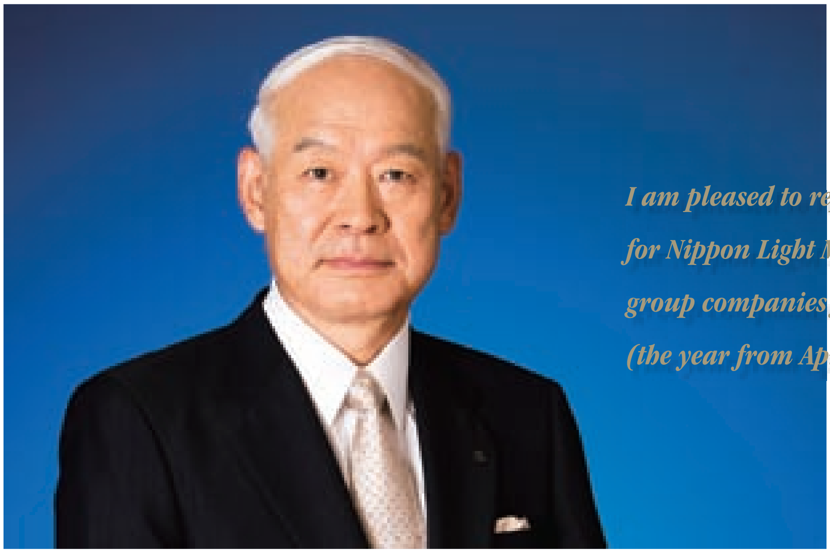


Operating Profit



Total Assets





I am pleased to report on the operating results for Nippon Light Metal Company, Ltd. and its consolidated group companies for fiscal 2007 (the year from April 1, 2007 to March 31, 2008).

Takashi Ishiyama *President and CEO*

Overview of Fiscal 2007

During the year under review, although the aluminum industry experienced continued robust demand from the automotive industry and its relevant fields, inventory adjustments occurred or demand declined in the electrical, electronics and construction industries. In the construction industry, demand fell sharply owing to steep decrease by 19.4% year-on-year in house building sector attributable to the impact of the revised Building Standards Law which came into force in June 2007. In addition, soaring prices of raw materials and fuel and of aluminum ingot brought about adverse consequences for profits.

In these circumstances, in accordance with the three-year Mid-Term Management Plan (for the period from fiscal 2007 to fiscal 2009), NLM Group strove to create new businesses and new products and undertook to maintain and increase earning power through such measures as product price adjustments. In spite of these efforts, deterioration in the bauxite quality plus sharp price increase in raw materials, fuel and other materials, notably aluminum ingot, brought about steep decrease in profit unavoidably.

Consequently, NLM recorded consolidated net sales of ¥647.8 billion, operating profit of ¥18.0 billion and ordinary profit of ¥11.2 billion. Also, NLM recorded a net loss of ¥10.3 billion, the first loss in seven years, mainly owing to the extraordinary loss resulting from recording of an impairment loss on fixed assets in the Residential Building Materials Operation of the Building Materials segment.

NLM paid a year-end cash dividend of ¥3.0 per share, a ¥2.0 decrease from the previous year.

Overview by Business Segment

Sales in the Aluminum Ingot and Chemicals segment increased by 41.1% year-on-year to ¥156.2 billion, while operating profit fell by 21.4% year-on-year to ¥9.2 billion.

Sales in the Aluminum Sheet and Extrusions segment increased by 0.6% year-on-year to ¥79.3 billion, while operating income decreased 74.7% to ¥1.6 billion.

Sales in the Fabricated Products and Others segment decreased by 1.4% year-on-year to ¥252.0 billion, and operating income decreased by 6.7% to ¥13.2 billion.

Sales in the Building Materials segment fell by 7.4% year-on-year to ¥160.3 billion, while an operating loss of

¥3.0 billion was recorded, a ¥4.0 billion decrease from operating income recorded for the previous year.

Structural Improvement of the Building Materials Operation

In April of 2008, NLM announced a series of measures to achieve structural improvement of the Building Materials Operation and an operating alliance with Sankyo-Tateyama Holdings, Inc.

Firstly, the management system was overhauled from top to bottom aiming at the forthcoming structure renewal. Secondly, the workforce is being reduced in accordance with the market environment: Shin Nikkei Co.,Ltd. plans to downsize 200 of regular employees and 200 of temporary employees, totally 400 of employees. Thirdly, realignment and consolidation are underway at the production sites. Fourthly, various costs are actively being cut notably in the areas of logistics and purchasing. The anticipated effect of above measures will be cost reduction of some ¥3.0 billion through downsizing of the workforce, some ¥4.0 billion through productivity improvements and some ¥3.0 billion through improvements in logistics and procurement. Together with these, the deficit ridden Shin Nikkei Co., Ltd., the key sector for the operation, is to achieve some operating profit in fiscal 2008 and further an ordinary profit in fiscal 2009.

(For information on the operating alliance with Sankyo-Tateyama Holdings, Inc., please refer to the Special Feature on Page 5.)

The Sale of Improper Products not in Conformity with Fire-resistance Certification Specifications

In January 2008 NLM announced that NLM and its wholly owned subsidiary Nikkei Panel System Co., Ltd. had sold heat insulation panels that did not conform with fire-retardant materials certification specifications. The products involved are some of heat insulation panels that were difficult to produce using the then available technology, sold from October 1999 to March 2005. However, since April 2005, only the conforming products have been sold with the certified specifications.

NLM expresses deep regret and apology for the law violation above. NLM Group is to implement group-wide measures to prevent similar incidents from recurring and to further reinforce and advance product safety and quality assurance systems.

Outlook for Fiscal 2008

As the economic deceleration triggered by the subprime loan problem in the U.S. is spreading to Asia and Europe, the anxiety has been increasing about the possibility of a global economic downturn. In the aluminum industry, the current high prices are expected to continue for aluminum ingot, the principal raw material, fuel and various resources. In this adverse business environment, NLM Group plans to achieve consolidated net sales of ¥660.0 billion, operating income of ¥21.5 billion and ordinary income of ¥14.5 billion for Fiscal 2008.

NLM Group has accumulated extensive management resources, centering on aluminum, in areas ranging from materials to processing. We intend to deploy these resources to the maximum effect in pursuit of increased profits in accordance with the Mid-Term Management Plan. I would like to ask for continuing support of our shareholders in years to come.

June 2008

Takashi Ishiyama

Takashi Ishiyama
President and CEO

AN INTERVIEW WITH TAKASHI ISHIYAMA, PRESIDENT AND CEO

Activities of the NLM Group and Future Challenges

Question >>> **One year has passed since you became President and CEO. How is this elapse of days for the corporate performance?**

Answer : In a word, it was a year in which external environment changes far exceeded our expectations. Together with material prices skyrocketed, exports slumped following the subprime loan problem. Also political turmoil in Japan resulted in stalled decision-making of the nation that caused people's unsettling atmosphere. In addition, the revised Building Standards Law had a major impact on the businesses of the NLM Group, notably those of NLM itself, Shin Nikkei, Riken Light Metal Industrial and Nikkei Extrusions. Meanwhile, since the beginning of 2008, we have experienced decreasing demand from the automotive, electrical equipment and electronics sectors, which had once been increasing since the second half of 2007.

Question >>> **As aluminum products are widely used throughout the society, NLM business has inevitably been affected significantly by the economic environment in Japan and around the world. In what areas did you make efforts during the past one year?**

Answer : Since I became the senior executive officer in 2001, I had endeavored to create enduring products and businesses that were not influenced by the economic environment or external circumstances. I had sought to nurture the seeds of future businesses aiming at products that others weren't trying to develop and products that were difficult to copy. I have also kept this philosophy and practice for our products since I became President and CEO. For instance, we changed our laboratory organization from a vertical system to a matrix one that dynamically interweaves market needs with skewers of each business segment. With this, contents of research reports have changed considerably: Namely, reports are prepared quickly, stating simply and clearly what and when to be accomplished according to customer needs.

Large structural materials for railway rolling stock

One of the outcomes from the practice above is the aluminum material used for N700 Shinkansen bullet trains in Japan. The NLM Group holds a dominant market share for this material that is used for the train bodies, luggage racks and underbody cowls. It is also used for trains of Taiwan High Speed Rail and those of China High Speed Rail.

Question >>> **In April, NLM announced structural renovation of the Building Materials Operation. What are the problems and what are improved with the renovation? Also, what do you expect Shin Nikkei now that Mr. Tsuyoshi Nakajima has become the president?**

Answer : The biggest problem with Shin Nikkei is that profit-and-loss management for each product has been entirely inadequate. Clearly, above management should definitely include the marketing, production and logistics. It is also necessary for special-order products to maintain and even increase their contribution to profit in the budget by reducing the cost for production and logistics. However, at Shin Nikkei, above management has not prevailed through to the frontline.

The newly appointed president, Mr. Tsuyoshi Nakajima who, as a director of Shin Nikkei, I had frequently discussed this issue with is determined to carry out the structure renovation, for which I am to give him full support. He had also served as a corporate officer to Nikkeikin ACT and Nikkei Extrusions, which made him fully acquainted with the industry trends.

Question >>> **Please elaborate the comprehensive alliance with Sankyo-Tateyama Holdings, Inc. ("Sankyo-Tateyama"), which was announced at the same time.**

Answer : The point of the alliance is the pursuit of manufacturing cost reductions by mutual OEM supply through effective utilization of each production facilities. In addition, we aim to achieve cost reductions of about ¥10.0 billion over a period of three years through joint procurement of raw materials and parts, and mutual utilization of logistics infrastructure.

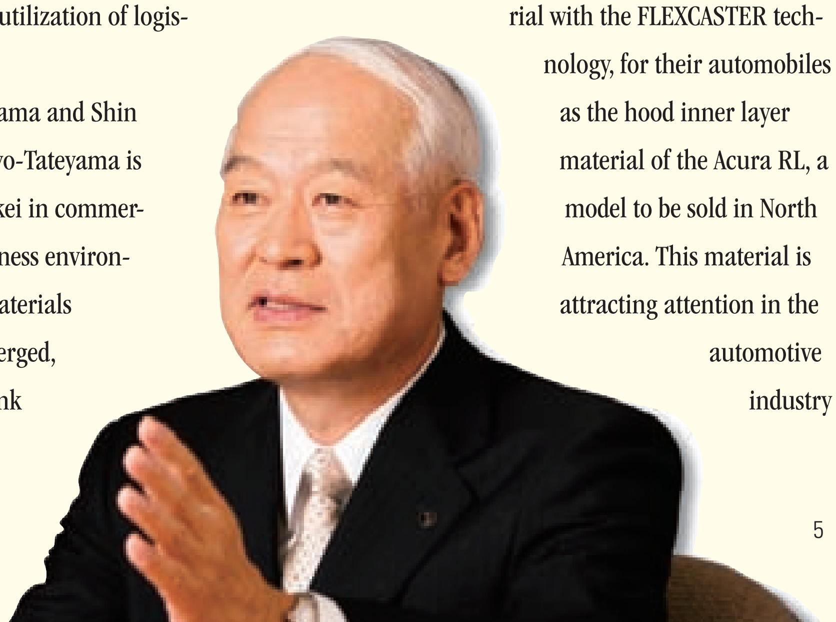
The domain identity of Sankyo-Tateyama and Shin Nikkei are complementary in that Sankyo-Tateyama is strong in housing sector while Shin Nikkei in commercial building sector. These days, the business environment has been tough for the Building Materials Operation. If the two companies were merged, the sales of resulting company would rank second in Japan's building materials industry. Although I do not deny this alliance has possibility for future management integration, we have to reliably achieve intended effects of the operating alliance first, which may be followed by future merger of both companies.

Press conference

Question >>> **Please elaborate measures to reinforce core businesses and activities oriented to growing markets.**

Answer : First, let's look at some developments in the automotive parts and materials sector, where business has been fairly healthy. Nikkei Matsuo ("Matsuo Industry" until July 2007) which has enjoyed robust demand for its cast parts such as engine mount brackets and brake calipers is expanding production capacity by taking in the Cast Metal Business at Tomakomai, which was previously a unit of NLM's Shaped Parts Division.

Honda Motor Co., Ltd. has adopted our FLEXCAST5000,5000-series alloy plate material with the FLEXCASTER technology, for their automobiles as the hood inner layer material of the Acura RL, a model to be sold in North America. This material is attracting attention in the automotive industry



as the revolutionary one that contributes to weight reduction in cars.

In other developments, Nikkei Niigata has commenced production of automobile suspension component of "Radius Rod" for Nissan Motor Co., Ltd. For this, NLM has adopted the friction welding method to realize high stability. We are seeking to expand the market for this product.

Toyo Aluminium is enjoying brisk business of the solar cells back sheets, a product for which demand is increasing worldwide. It has decided to invest in the expansion of production capacity at three sites in Japan and overseas.

We have received orders from North America and Europe for Maxus, a specialty aluminum material for use in nuclear fuel storage containers. Currently Nikkei Niigata is expanding its rolling machine facilities, aiming at shipments from December this year.

Nippon Electrode is also enjoying brisk business. The demand is increasing for the bottom carbon of blast furnaces used in the steel industry and for the negative electrode carbon for aluminum smelting.

1, 2 Please refer to the NLM Group Topics section on Page 7.

Question >>> How are the overseas businesses?

Answer : Constructions are going on smoothly with Toyo Aluminium's paste plant in China and Nikkeikin ACT's second plant in China (Nikkei (shanghai) Body Parts Co., Ltd.). With regard to Nikkei (shanghai) Body Parts, we receive orders for extruded material for sunroof rails in lots of 100,000 units. In addition to the existing superb plant of NI Nikkei Shenzhen, NLM quality control systems, high productivity, etc. have been favorably evaluated, contributing to gain customers' trust in us. In China, with sunroofs installed for luxury cars as the standard equipment, the sale of sunroof rail are expected to grow following the start of its full production.

Nikkei Siam Aluminium (Thailand) is also performing well. It aims to improve quality and boost productivity by modifying its cold rolling mill and reinforcing its finishing equipment.

Question >>> In view of these circumstances in the NLM Group, what is the near-future image of the Group to which you aspire?

Answer : Although the NLM Group is an aggregate of business units that operate in diverse domain identities and differ in business structure and scale, we aim to be an aggregate of highly profitable and independent operations in each domain identity. I would like to make the NLM Group a business group that continues to grow, even in adverse circumstances, by trying to nurture potential seeds in forward-looking spirit.

Question >>> Finally, what message would you like to send to the shareholders and other stakeholders.

Answer : Business conditions in Japan and around the world are fraught with great uncertainty, and also the harsh business environment for NLM is likely to continue for some time. Nevertheless, the NLM Group always keeps its social mission in mind, seeking to achieve business development through the management in harmony with shareholders, business partners, employees and their families, and local communities. I would like to ask all our stakeholders for the continued support and encouragement as ever.

Commercial Production Started for the Automobile Body Plate Material of the Honda Acura RL model.


Hood inner


Acura RL

In 2008, NLM started commercial production of FLEXCAST5000, the world's first automobile body of aluminum alloy plate manufactured by FLEXCASTER* technology, and commenced shipments to Honda Motor Co., Ltd. The product is used as layer materials of the hood inner for "Acura RL", a model Honda sells in the U.S..

As the strength and high formability are required for the automobile body plate material, FLEXCAST5000 is an accomplishment of joint development with Honda in pursuit of these requirements above.

As the NLM Group has supplied a variety of automotive materials and components, we will continue to meet the needs for weight reduction of automobiles through the development of new technologies and new products.

* FLEXCASTER) Introduced from the former Alcan International, FLEXCASTER is thin-sheet continuous casting equipment based on belt casting technology. FLEXCASTER enables to manufacture such alloys and products of high-strength with high formability that are difficult to produce through conventional casting and rolling processes.

Toyo Aluminium Expands Production Facilities for Solar Cell Back Sheets

May 2008, Toyo Aluminium K.K., one of the NLM Group companies, decided to expand its production facilities to cope with the rapid increase in demand for solar cell back sheets marketed as "Toyal Solar".

The market for solar cells is expanding by some 30% every year around the world, with Europe serving as the center of growth owing to the solar power purchase policies of governments of Germany, Spain, Italy, etc. Solar cell back sheets, an essential component of solar cells, need to be highly moisture-proof plastic film sheets to be attached to the back of solar cells to maintain the power generation efficiency of silicon cells.

Toyo Aluminium plans to invest in the facility expansion at its sites in China and Japan, aiming to double the current production capacity for the back sheet, or more, in 2010. In Guangdong Province, China, NLM will install four production lines at Toyal Zhaoqing Co., Ltd., of which Toyo Aluminium is the 90% shareholder and plans to start up four production lines in series from May 2009 to August 2010. In Japan, Toyo Aluminium will add one more production line at the Yao Plant in Osaka, currently the main production site for the back sheets, and newly build one line in the Yabata Plant of Tokai Aluminum Foil Co., Ltd., a subsidiary of Toyo Aluminium. Toyo Aluminium plans to conclude its production expansion investment by September of 2008 and anticipates total investment of some ¥2.5 billion in China and Japan.

1. Summary of Corporate Governance

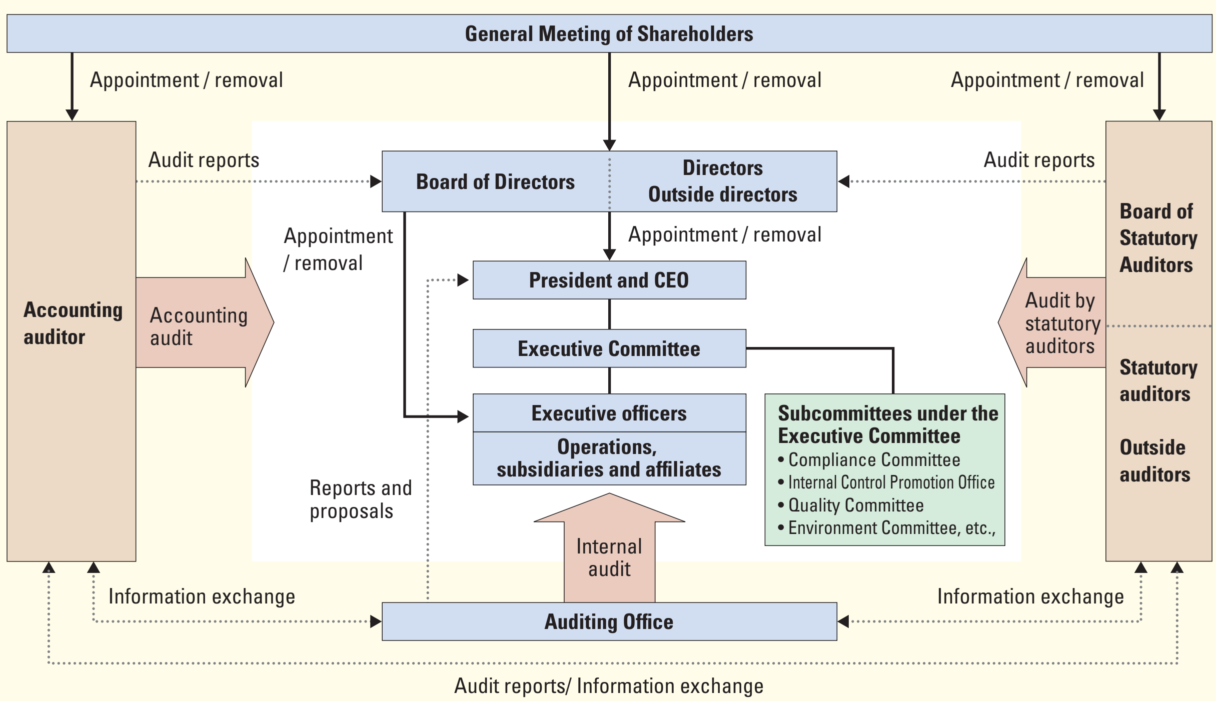
NLM takes it as one of the most important management issues to develop the Corporate Governance System in order to fulfill the trustful management for stakeholders including shareholders, business partners, employees and local communities.

NLM has adopted an executive officer system. The Board of Directors consists of 11 directors, of whom two are outside directors. This system makes it possible for the Board of Directors to fulfill the agile management and sufficient deliberation . To ensure for the directors and executive officers to take their roles and responsibilities clearly and definitely, their term of office is set to be one year. Twelve meetings of Board of Directors were held in fiscal 2007.

For multifaceted examinations of important matters that affect the entire Group, NLM has set up an Executive Committee under the Board of Directors consisting of the President and CEO, the senior executive / executive officers, and some directors of subsidiaries who concurrently serve as NLM directors. The Executive Committee is held 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. The Auditor is an independent agency that plays a key role in the corporate governance, including attending the Board of Directors meeting and other important internal meetings.

NLM's CORPORATE GOVERNANCE STRUCTURE



Support Systems for Outside Directors and Outside Statutory Auditors

The Planning Department and the Legal Department, jointly serving as the secretariat of the Board of Directors meeting, circulate handouts for the meeting to those directors and auditors in advance. The secretariat also elaborates issues of particular importance to them prior to the meeting.

The Auditors Office serves as the staff section assisting the auditors.

Accounting Audits

Ernst & Young ShinNihon LLC is responsible for accounting audits of NLM for fiscal 2007 based on the Companies Act and the Financial Instruments and Exchange Act of Japan.

2. Summary of Implementation of Internal Control Systems

In order to fulfill the Corporate Governance, NLM takes it as another important management issue to develop the Internal Control Systems for all the NLM Group employees for the purpose of risk management, compliance with laws and ordinances, efficient job ongoing and appropriate financing activities in every aspect of NLM business process.

At the Board of Directors meeting held on May 17, 2006, a basic policy was resolved for the implementation of the Internal Control Systems. At the same time, the Internal Control Office was established under the Executive Committee as an organization to develop the infrastructure for the Internal Control Systems.

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

In July 2004, NLM established the Compliance Committee to clarify its corporate social responsibility and to effectively implement the Internal Compliance Systems. The President&CEO chairs the committee. On April 1, 2006, NLM also established the Group Compliance Code, which is posted on the Group intranet site, with the code leaflet distributed at the same time for its penetration to every member in the Group companies. Concurrently, a hotline is established as the internal whistle-blower system.

With regard to compliance awareness activities, NLM believes it very important to create an atmosphere that officers and employees can frankly exchange opinions about their compliance fulfillment in the workplace, always with significance of the compliance in mind. Each year NLM holds a total of more than 300 compliance meetings with all the employees participated.

Establishment of Group Risk Management Regulations

NLM has been developing the risk management system, with The Group Risk Management Regulations established in May 2006 that specifies responsible department for it and risk management guidelines, according to the risk significance level of 1) Product and service defects, 2) Environmental problems, 3) Disasters (natural and accidental) and 4) Information systems problems.

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

In accordance with the corporate regulations, NLM appropriately preserves and manages information on duty executions of directors, which is occasionally disclosed to the statutory auditors upon their request. On May 29, 2006, NLM established Regulations Concerning the Preservation and Management of Documents containing Important Decisions, which lays down the criteria for the preservation and management of documents at each NLM Group company, including those of Executive Committee decisions, miscellaneous committee minutes and the departmental decisions (approval applications, the data and annex included).

We shall comply with relevant laws and ordinances and shall furthermore take action independently and actively for global environmental problem.

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

Basic Principle

Declaring the basic policy, we shall voluntarily and actively tackle the global environmental problem in compliance with relevant laws and ordinances by all means.

NLM Group management policy declares that the environment protection effort is one of the most important assignments for the group.

With the following Basic Policy for Environmental Issues and Action Guidelines set forth based on the principle above, we are committed to contributing to the society in terms of the environment protection.

Basic Policy for Environmental Issues

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

Actions and dedications are deadly 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 for the harmonious coexistence with the natural environment in every aspect of corporate activities.

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

Action Guidelines

1. Compliance with Environment-related Laws and Regulations

We comply with laws and regulations for the environment protection.

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 the productivity and rationalizing logistics.

3. Facilitating Resource Savings and 3 R campaign

We make efficient use of all production resources including the aluminum, and disseminate the 3 R (reduction, reuse and recycling) campaign throughout the Group.

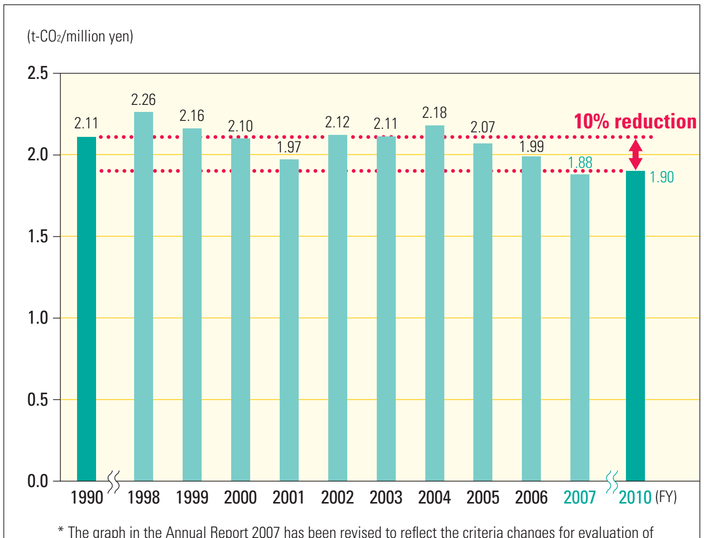
4. Business Activities in Consideration of Environmental Impacts

Prior to determining where to build the production facility or what products to develop, we take necessary measures for their impacts to the environment based on scientific evaluations. We also make every effort to reduce the load to the environment even in usual business activities.

5. Development of Technologies Contributing to Environment Protection

We serve the environment protection by providing those fruits that are to be obtained from our development of products and processes giving less load to the environment with the aluminum characteristic advantage.

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



* The graph in the Annual Report 2007 has been revised to reflect the criteria changes for evaluation of greenhouse gas emissions at some sites.

The NLM Group formulated a voluntary action plan to actively promote the environment protection measures on voluntary basis mentioned in its management policies. The Group action plan was set forth in 2005 focused on reduction of greenhouse gas emissions, which can be a comprehensive indicator for diversified environment aspect such as the atmosphere and water quality, also with the background of the Kyoto Protocol that came into effect.

As shown in the graph, despite fluctuations, a downward trend of greenhouse gas emissions can be seen over the long term. NLM constituted a "Team for Energy Savings and Carbon Lowering" in September 2008. We strive for further reduction of greenhouse gas emissions.

NLM Group Voluntary Action Plan for Reduction of Greenhouse Gas Emissions

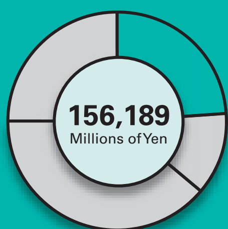
Reduce the ratio of greenhouse gas emissions to net sales by 10% by 2010 compared with in1990

Aluminum Ingot and Chemicals

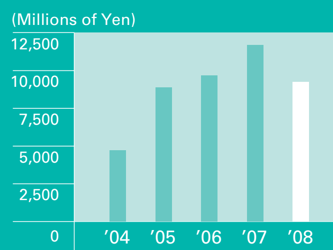
Profile

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

■ Consolidated Net Sales



■ Consolidated Operating profit



■ Principal Products

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

■ Overview of results for fiscal 2007

In Alumina and Chemicals Operations, although the alumina demand has remained robust for flame retardants and electrical equipment & electronics materials with aluminum hydroxide. However, shipments of aluminum hydroxide for building materials have slumped owing to the worsening business environment in construction-related industries. In addition, production volumes decreased owing to quality deterioration of bauxite, the raw material of alumina and aluminum hydroxide. These factors led to a decrease in overall shipments of alumina.

In Chemicals, although the manufacturing and sale of fluoride products were ceased at the end of the previous term, shipments have developed favorably with organic and inorganic chlorine products. Shipments of soda products have been especially brisk for their scarce supply. As a result, Aluminum and Chemical sales increased year-on-year. However, prices soared for raw materials and fuel, notably bauxite, crude salt, heavy oil and city gas. Moreover, ocean freight charges rose sharply and productivity declined due to the bauxite quality deterioration. All these above make the profit from both Operations drop sharply from the previous fiscal year, despite efforts to pass on cost increases to product prices as well as efforts to promote sales of value-added products.

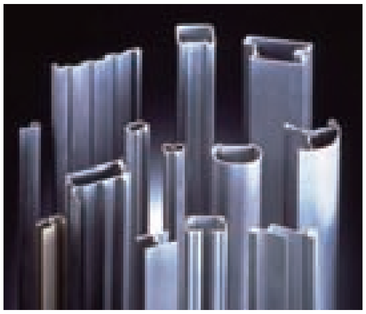
In Ingot Operations, sales rose sharply year-on-year mainly owing to the launch of Nikkei MC Aluminium Co., Ltd. on April 1, 2007, a joint venture with Mitsubishi Corporation, as well as on-going strong demand from the automotive sector. However, profits did not reach the budget target although NLM boosted buying power through an alliance with the Mitsubishi Corporation Group and passed on cost increases to product prices to cope with difficulties of sharp price increases in crude oil and aluminum scrap.

As a result of the above, sales in the Aluminum, Chemicals and Ingot segment increased by 41.1% year-on-year to ¥156,189 million, while operating profit fell by 21.4% to ¥9,172 million.

High-purity aluminum products

Spark plugs (Low soda alumina)

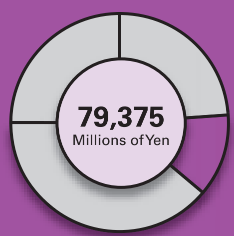
Aluminum Sheet and Extrusions



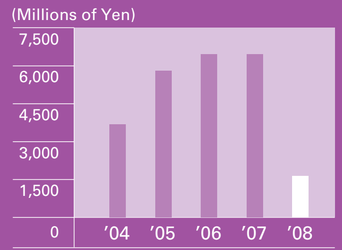
Profile

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.

■ Consolidated Net Sales



■ Consolidated Operating profit



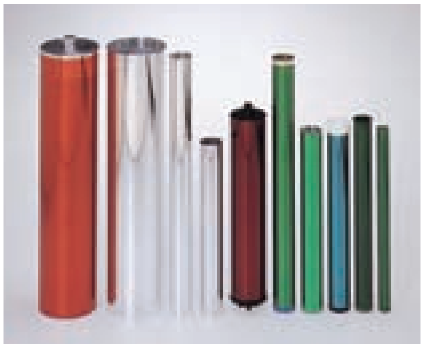
■ Applications	■ Principal Products
Automobile	Automobile suspension parts · Lead-free cut aluminum alloy · Quick freezing coagulated powder extruded materials · High-intensity molded aluminum sheet
Transport	Large structural materials for railway rolling stock · Truck body parts
Electronics	Thick plate 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

■ Overview of results for fiscal 2007

In Aluminum Sheet Operations, sales remained at the same level as the previous year. To be more precise, shipments of aluminum plates for semiconductor, manufacturing equipments of liquid crystal display and general-purpose aluminum sheet for building materials fell sharply owing to slumping demand. Shipments of aluminum foil stock for capacitors developed favorably and sales of personal computer housings and lithium-ion battery cases increased in the electrical equipment sector. Also, the raised selling prices contributed to product sales to some extent. However, profits fell significantly owing to sharp price increases in fuel and subsidiary materials, and depleted gain on ingot inventories that was recorded in the previous term.

In Aluminum Extrusion Operations, sales decreased in extrusion products for building materials, reflecting a slump in construction demand. So did motorcycle parts as a result of inventory adjustments in response to weaker economic conditions in the U.S. However, overall sales rose slightly year-on-year as shipments increased for Shinkansen train carriages and other railway cars, and the electrical & electronics products. However, profits fell sharply year-on-year owing to slumping demand as well as the significant impact of soaring prices for fuel and subsidiary materials.

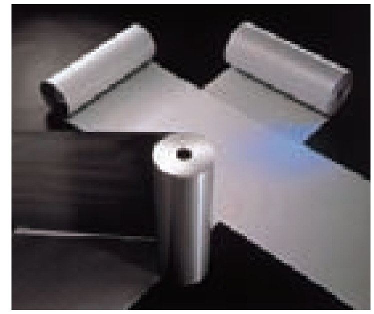
As a result of the above, sales in the Aluminum Sheet and Extrusions segment increased by 0.6% year-on-year to ¥79,375 million, while operating profit fell by 74.7% to ¥1,630 million.



Photosensitive drums

Fuel tankprotector

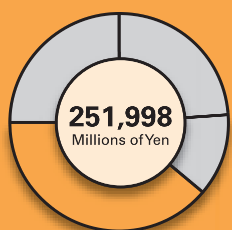
Fabricated Products and Others



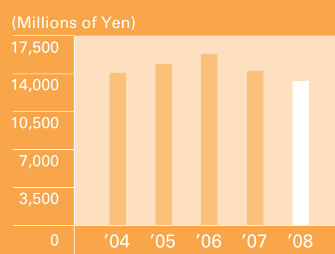
Profile

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

Consolidated Net Sales



Consolidated Operating profit



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

Overview of results for fiscal 2007

In Aluminum Foil, Aluminum Powder and Paste Operations, sales of aluminum foil were strong. Robust demand kept on going for high-purity aluminum foil for electrolytic capacitors successively from the previous term. Also sales developed favorably for electronic materials, notably back sheets of solar cell and antennas for smart cards. So did sales of plain foil and processed foil for food products and pharmaceuticals packaging.

In the aluminum powder and paste sector, overall sales decreased from the previous term. Sales of aluminum paste for automotive paint and plastic coatings decreased owing to changes in color trends. Meanwhile, exports compensated for the domestic sales reduction in functional ink for solar cells resulting from lower production of cells by raw materials shortage at some cell makers. However, profits increased year-on-year owing to the selling price raise implemented for the steep price increases in aluminum ingot and subsidiary materials.

On October 1, 2007, Tokai Aluminum Foil Co., Ltd. became a subsidiary of Toyo Aluminium K.K.. The two companies will strive to construct a stable earnings structure by utilizing management resources more effectively.

In Transport-Related Operations, sales of the van and truck outfitting business fell sharply in reaction to advanced demand in the previous term for the strengthening of exhaust gas regulations. Profits also decreased year-on-year owing to the price increase in aluminum materials and stainless steel materials.

Sales of capacitors for car air conditioners rose year-on-year owing to firm shipments of the production backlog for subcompact cars thanks to favorable automobile production in Japan plus sharp increases in export shipments of the products for new orders of automobiles.

Sales of shaped parts increased sharply year-on-year as demand for cast products remained strong since the introduction of new products in the previous term, in addition to recovered demand for forged products by major customers. However, profits fell slightly from the previous term owing to the higher energy costs following sharp increase in crude oil price.

In Electronic Material Operations, sales of anodized aluminum foil for electrolytic capacitors surpassed the previous one owing to growing demand for digital appliances and relevant robust corporate investments. However, the profit outcome was adverse owing to falling market prices of digital appliances and other end-products, despite efforts to raise productivity by means of technological and operational improvements.

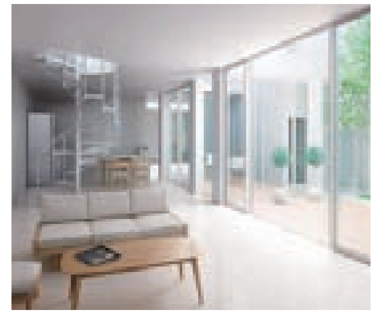
In Panel Systems Operations, sales fell sharply year-on-year as demands continued to fall for large-size freezers and refrigerators as well as small and medium-size ones, in addition to selective acceptance of orders for profit securing. Sales for clean rooms fell year-on-year owing to slumps in building projects as a result of the stricter building certification following the revised Building Standards Law. Profits fell sharply on account of the slumping demand above plus the recording of an extraordinary loss on correction costs for products sold in previous years that did not conform to the certification specifications of fire-retardant materials.

In other fabricated products and related businesses, overall sales of containers fell sharply from the previous fiscal year. Although demand has been strong for commercial washing containers for beer servers and other beer-related containers, shipments of mainstay aluminum mini-kegs for beer fell sharply owing to demand decrease in authentic beer resulting from the prevailed preference of sparkling liquor and beer-tasting alcoholic beverages.

With regard to landscaping products, although NLM has proactively worked to increase sales of differentiated products, especially with brazed honeycomb panels centered, sales fell year-on-year owing to decrease in public investment of major projects such as aluminum movable covers for water purification plants, which has resulted in spending contraction of public works. However, profits improved as NLM focused on reducing expenses through in-house manufacturing of products and parts, notably aluminum railings.

As a result of the above, sales in the Fabricated Products and Related Businesses segment decreased by 1.4% year-on-year to ¥251,998 million, and operating profit fell by 6.7% to ¥13,212 million.

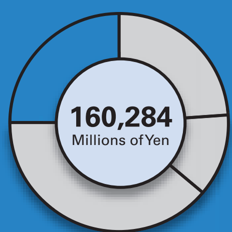
Building Materials



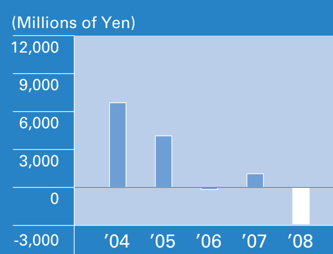
Profile

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

Consolidated Net Sales



Consolidated Operating profit



Applications

- Building

Principal Products

- Building materials
- Housing materials
- Exterior products

Overview of results for fiscal 2007

In Building Materials Operations, the house building and non-wood floor construction dropped sharply year-on-year because of the stricter building certification following the revised Building Standards Law. Meanwhile, prices of materials, notably aluminum ingot, the key raw material, has remained at high levels, which has brought about adverse business environment.

In these circumstances, the NLM Group has promoted dynamic policies such as introducing competitive new products satisfying customer needs, and deploying profit-oriented sales activities.

Furthermore, to cope with soaring prices of aluminum ingot, NLM has concentrated on securing profits through enhanced cost-reduction activities throughout various projects. However, unable to fully overcome the impact by sharp decrease in demand, in spite of these efforts, both sales and profits fell sharply year-on-year.

As a result, sales in the Building Materials segment decreased by 7.4% year-on-year to ¥160,284 million, also operating profit decreased to ¥4,049 million, resulting in an operating loss of ¥2,976 million.

Spandrel

Residential gate and fence

Nippon Light Metal Group consists of 121subsidiaries and 47 affiliates,
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 and Rod Co., Ltd.
- Nikkei MC Aluminium Co., Ltd.
- Nikkei MC Aluminum America Inc.
- Nikkei MC Aluminum (Korat) Co., Ltd.
- Nikkei MC Aluminum (Thailand) Co., Ltd.
- Nikkei MC Aluminum (Kunshan) Co., Ltd.
- Ihara Nikkei Chemical Industry Co., Ltd.

(Sales and Others)

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

Aluminum Sheet and Extrusions

(Manufacture and Sales)

- Nikkei Extrusions Co., Ltd.
- Nikkeikin Aluminium Core Technology Co., Ltd.
- Nikkei Siam Aluminium Ltd.
- Nonfemet International(China-Canada-Japan) Aluminium Co., Ltd.

(Sales and Others)

- Nikkei Sangyo Co., Ltd.

Fabricated Products and Others

(Manufacture and Sales)

- NLM ECAL Co., Ltd.
- Toyo Aluminium K.K.
- Tokai Aluminum Foil Co., Ltd.
- Toyal America Inc.
- Toyal Europe S.A.S.U.
- Toyo Aluminium Ekco Products Co., Ltd.
- Nikkei Sangyo Co., Ltd.
- Nikkei Panel System Co., Ltd.
- Nippon Electrode Co., Ltd.
- Nippon Fruehauf Co., Ltd.
- Matsuo Industry Co., Ltd.
- Sam-a Aluminium 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.

Building Materials

(Manufacture and Sales)

- Shin Nikkei Co., Ltd.
- Riken Light Metal Industrial Co., Ltd.
- Cosmo Industry Co., Ltd.

(Sales and Others)

- Shinnikkei Best System Co., Ltd.
- Nikkei Sangyo Co., Ltd.

Customer

● Consolidated subsidiaries···········113companies
● Affiliates accounted for by the equity method···19companies

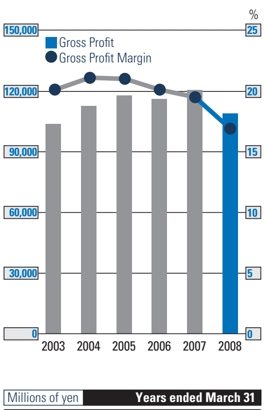
Flow of products and raw materials
Flow of services

(As of July 31, 2008)

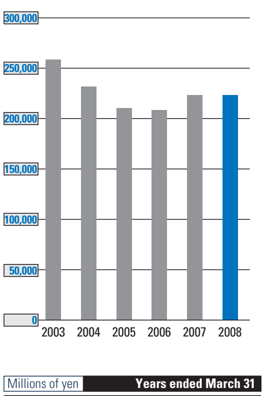
CONSOLIDATED SIX-YEAR SUMMARY

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

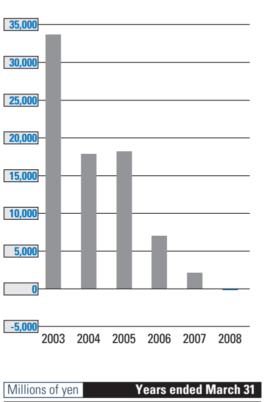
Gross Profit and Gross Profit Margin



Interest-bearing Debt



Free Cash Flows



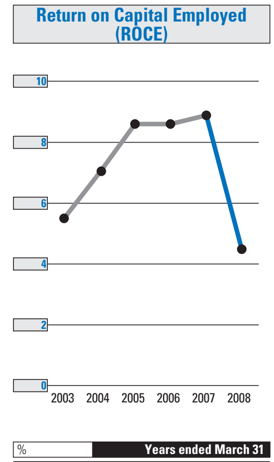
	2003	2004
	(Millions of yen)	
Financial Results		
Net Sales	¥514,042	¥532,201
Gross Profit Margin (%)	20.1	21.1
Operating Profit	20,086	26,355
Ordinary Profit	12,325	16,092
Net Income (loss)	7,116	11,525
Segment Information		
Net Sales:		
Aluminum Ingot and Chemicals	81,495	82,851
Aluminum Sheet and Extrusions	58,374	64,860
Fabricated Products and Others	204,171	215,461
Building Materials	170,002	169,029
Total	514,042	532,201
Operating Profit (Loss):		
Aluminum Ingot and Chemicals	4,946	4,727
Aluminum Sheet and Extrusions	1,027	3,667
Fabricated Products and Others	11,069	14,071
Building Materials	5,875	6,687
Elimination or corporate items	(2,831)	(2,797)
Total	20,086	26,355
Financial Position		
Current Assets	287,083	290,625
Property, plant and equipment	184,506	182,562
Intangible assets	4,414	3,935
Investments and other assets	49,758	43,463
Current liabilities	294,637	291,799
Long-term liabilities	138,623	122,593
Shareholders' equity (Note 3)	88,598	99,618
Valuation and translation adjustments (Note 3)	748	2,840
Minority interests in consolidated Subsidiaries (Note 3)	3,155	3,735
Interest-bearing Debt (Note 2)	258,831	231,807
Cash Flows		
Cash Flows from Operating Activities	33,507	23,448
Depreciation and Amortization	17,128	16,504
Cash Flows from Investing Activities	224	(5,556)
Capital Expenditures	13,501	17,516
Cash Flows from Financing Activities	(36,504)	(27,703)
Per Share Data (yen and dollars)		
Net Income (loss) - basic	¥ 13.34	¥ 21.24
- diluted	—	—
Net Assets (Note3)	167.01	188.84
Cash Dividends	2.0	2.5
Indices		
Return on Capital Employed (ROCE) (%)	5.5	7.0
Return on Equity (ROE) (%)	8.2	12.0
Equity Ratio (%)	17.0	19.7
Others		
Number of Shares Outstanding (thousands)	543,350	543,350
R&D Expenditures	¥ 4,427	¥ 4,804
Number of Employees	12,328	12,598

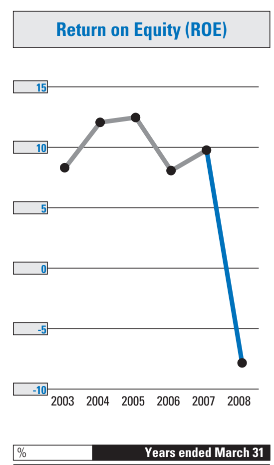
Note1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥100.19 = U.S.$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

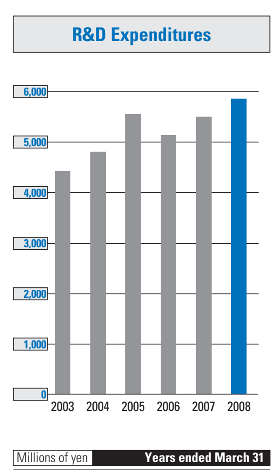
Note2: Interest-bearing Debt = Long-term debt and Short-term borrowings, excluding capital lease obligations + Notes discounted + Notes endorsed

Note3: 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". See Note 1(b) of the Notes to the Consolidated Financial Statements.

2005	2006	2007	2008	2008
(Millions of yen)				(Thousands of U.S. dollars) (Note1)
¥560,284	¥577,061	¥618,158	¥647,846	$6,466,174
21.0	20.1	19.5	16.8	16.8
30,560	28,923	30,519	17,998	179,639
21,857	22,353	25,248	11,222	112,007
13,488	9,684	12,755	(10,310)	(102,904)
92,948	97,077	110,667	156,189	1,558,928
72,824	70,714	78,929	79,375	792,245
219,802	238,422	255,514	251,998	2,515,201
174,710	170,848	173,048	160,284	1,599,800
560,284	577,061	618,158	647,846	6,466,174
8,866	9,640	11,667	9,172	91,546
5,785	6,435	6,443	1,630	16,269
14,883	15,848	14,156	13,212	131,870
4,068	(163)	1,073	(2,976)	(29,704)
(3,042)	(2,837)	(2,820)	(3,040)	(30,343)
30,560	28,923	30,519	17,998	179,638
285,252	294,331	340,897	311,083	3,104,931
179,614	185,005	184,070	179,243	1,789,031
3,895	5,261	5,969	6,189	61,772
46,020	48,929	48,527	43,958	438,746
266,212	281,505	287,436	270,545	2,700,319
129,237	122,033	149,916	140,931	1,406,637
112,068	119,719	130,176	118,294	1,180,697
3,214	6,275	7,770	3,465	34,584
4,050	3,994	4,165	7,238	72,243
210,368	208,817	223,607	223,660	2,232,359
32,345	26,779	21,397	25,018	249,706
16,591	17,315	17,481	20,160	201,218
(14,131)	(19,724)	(19,514)	(25,051)	(250,035)
16,973	19,819	20,702	25,263	252,151
(22,702)	(9,862)	12,483	(9,028)	(90,109)
¥ 24.78	¥ 17.79	¥ 23.56	¥ (19.00)	$ (0.19)
23.83	16.89	22.36	—	—
212.63	232.54	254.82	223.61	2.23
3.5	4.0	5.0	3.0	0.03
8.6	8.6	9.3	4.5	4.5
12.4	8.0	9.7	(7.9)	(7.9)
22.4	23.6	23.8	22.5	22.5
543,350	543,350	543,350	545,126	545,126
¥ 5,538	¥ 5,133	¥ 5,504	¥ 5,858	$ 58,469
12,927	13,492	13,493	14,084	14,084







Overview

During fiscal 2007 (ended on March 31, 2008), deceleration of the Japanese economy became apparent in the midst of turmoil in financial markets around the world triggered by the subprime loan problem in the U.S. and rising prices of crude oil and raw materials.

In the Japanese aluminum industry, despite brisk demand from the automotive sector, those from other sectors had been generally sluggish, reflecting sharp decline in the new house building sector owing to the stricter process for building certification following the enforcement of the revised Building Standards Law in June 2007. Also, soaring prices of raw materials, fuel and aluminum ingot had adverse effect on profits.

Earnings and Expenses

In these circumstances, consolidated net sales of the NLM Group increased by 4.8% year on year to ¥647.8 billion ($6,466 million). For the overview of the operation results, refer to the Review of Operations (Pages 11 to 14).

The cost of sales increased by 8.3% from the previous fiscal year to ¥538.9 billion ($5,379 million) and the cost of sales ratio decreased by 2.7 percentage points to 83.2%. Selling, general and administrative expenses amounted to ¥90.9 billion ($908 million), an increase of 1.2%. As a result, operating profit decreased by 41.0% to ¥18.0 billion ($180 million).

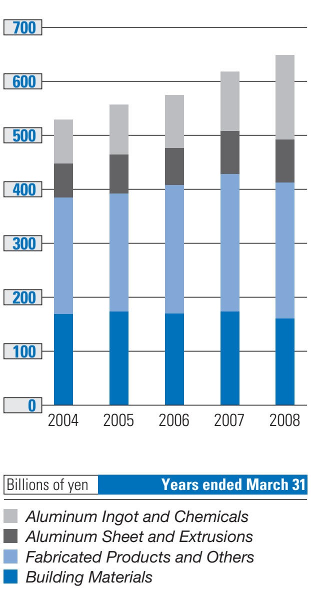
Non-operating income slightly increased to ¥3.8 billion ($38 million), mainly because of the increased dividend income, etc.. Non-operating expenses increased by 16.6% to ¥10.6 billion ($106 million) , mainly because of the increased loss in the disposal of inventories included in non-operating expenses. As a result, the ordinary profit decreased by 55.6% year on year to ¥11.2 billion ($112 million).

Special gains amounted to ¥2.5 billion ($25 million) which includes the gain on changes in equity interest in affiliates of ¥1.1 billion ($11 million) and from reversal of allowance for doubtful accounts of ¥1.1 billion ($11 million). Special loss amounted to ¥15.8 billion ($158 million) which includes impairment loss of ¥11.8 billion ($118 million), for fixed assets owned by the Housing Materials Operation in the Building Materials segment, and additional retirement allowance for early retirement program of ¥2.3 billion ($23 million) as the downsizing benefit for employees at the Building Materials segment, as well as, in addition to these, expenses expected for the facility renovation of the insulation panel production as the cost of corrective measures for product defects.

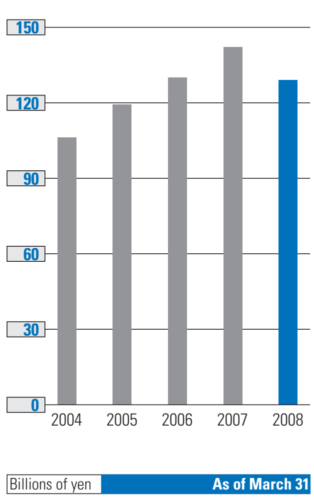
As a result, a loss before income taxes and minority interests was reported to be ¥2.1 billion ($21 million). Although the total amount of corporation, current income taxes decreased by ¥5.2 billion from the previous fiscal year to ¥6.2 billion ($62 million) owing to the reduced income, deferred income taxes for the fiscal year increased by ¥1.8 billion from the previous fiscal year to ¥1.4 billion ($14 million). This is mainly because of a decrease in deductible temporary differences which is able to schedule.

As a result, the consolidated net income of ¥12.8 billion

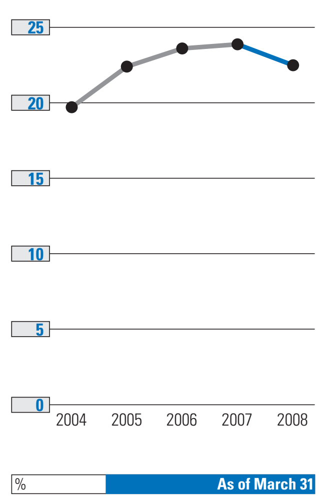
Net Sales By Segment



Total Net Assets



Equity Ratio



for the previous term turned into a net loss of ¥10.3 billion ($103 million) for this term. With the average number of shares during the fiscal year increased from previous 541,475,859 to current 542,732,677, previous basic net income per share of common stock of ¥23.56 turned into current basic net loss of ¥19.0 ($0.19). Consequently, the cash dividend amounts to be ¥3.0 per share of common stock, ¥2.0 lower than the previous term, which was approved by the resolution of the ordinary general meeting of NLM shareholders on June 26, 2008.

Assets, Liabilities and Net Assets

Total assets decreased by 6.7% from the previous fiscal year to ¥540.5 billion ($5,394 million). This decrease was attributable to decreases in cash, deposits, outstanding notes and accounts receivable-trade because of the previous fiscal year ended on a holiday, as well as the impairment loss on fixed assets.

Total liabilities decreased by 5.9% from the end of the previous fiscal year to ¥411.5 billion ($4,107 million), mainly owing to a decrease in outstanding notes and accounts payable-trade also because of the above fiscal year ending, as well as to the decrease in income taxes payable following a decrease in taxable income.

Interest-bearing debt was ¥223.7 billion ($2,232 million), virtually unchanged to the previous fiscal year .

Total net assets decreased by 9.2% year on year to ¥129.0 billion ($1,288 million), reflecting a ¥13.0 billion ($130 million) decrease in retained earnings following the net loss, and a decrease in valuation and translation adjustments. Consequently, net assets per share of common stock amounted to ¥223.61 ($2.23), a decrease by 12.2% from the previous term. Also the equity ratio amounted to 22.5%, a decrease by 1.3 percentage points from the previous term.

Cash Flows

Cash and cash equivalents at the end of March, 2008, were ¥33.0 billion ($329 million), worsened by ¥9.1 billion or 21.6% than the end of the previous fiscal year.

Net cash resulted from operating activities amounted to ¥25.0 billion ($250 million), increased by ¥3.6 billion or 16.9% from the previous term, mainly because of decreases in notes and accounts receivable-trade and notes and accounts payable-trade.

Net cash resulted from investing activities amounted to ¥25.0 billion ($250 million), increased by ¥5.5 billion or 28.4% from the previous term, mainly because of payments for purchase of fixed assets amounting to ¥24.4 billion increased by ¥6.0 billion from the previous term.

Net cash resulted from financing activities turned into ¥9.0 billion ($90 million) of payment from ¥12.5 billion of revenue for the previous term. This is mainly because of a decrease in cash inflow rather than the cash outflow as a result of repayment of long-term debt.

Outlook for Fiscal 2008

The slowdown of the Japanese economy is expected to continue for the time being in view of the impact of the subprime loan problem and rising prices of crude oil and other raw materials. In addition to the overall downturn in the Japanese economy, prices of aluminum ingot and additive metals for alloys are expected to remain high, also with prices of bauxite and other raw materials expected to increase. This makes the business environment for the NLM Group tough and challenging.

In these circumstances, however, in order to meet increasingly sophisticated and diversifying needs, our Group is promoting the development of new products and new businesses based on the Group's accumulated expertise and technological capabilities that make the most of what materials have. At the same time, the Group is pouring its efforts in overseas business development in response to the customers' international deployment of operations. In order to cope with increases in prices of raw materials, we are striving to further reduce costs throughout the operations, while asking for sales price revisions based on our customers understanding.

For fiscal 2008, consolidated net sales of ¥660.0 billion is expected affected by the soaring ingot prices. Profits are expected to increase owing to the restructuring effect at the Building Materials Operation, despite the increases in prices of ingot, crude oil and other raw materials. Consequently, we forecast overall profit increase resulting in the operating profit of ¥21.5 billion, the ordinary profit of ¥14.5 billion and the net income of ¥6.5 billion on the consolidated basis. Thus, with net income per share of common stock expected to be ¥11.94, cash dividends are expected to be ¥3.0 per share of common stock, the same as fiscal 2007.

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

	March 31,		
	2007	2008	2008
Assets	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Current assets:			
Cash and deposits (Notes 3 and 6)	¥ 42,433	¥ 31,287	$ 312,277
Notes and accounts receivable – trade	194,207	174,848	1,745,164
Inventories (Note 4)	86,235	86,925	867,602
Deferred tax assets (Note 8)	5,405	5,381	53,708
Other current assets	15,532	14,953	149,246
Allowance for doubtful accounts	(2,915)	(2,311)	(23,066)
Total current assets	340,897	311,083	3,104,931
Property, plant and equipment (Note 6):			
Land	64,195	63,603	634,824
Buildings and structures	144,475	147,096	1,468,171
Machinery and equipment	293,560	286,480	2,859,367
Construction-in-progress	4,007	5,056	50,464
Accumulated depreciation	(322,167)	(322,992)	(3,223,795)
Total property, plant and equipment	184,070	179,243	1,789,031
Intangible assets:			
Goodwill	872	1,984	19,802
Other intangible assets	5,097	4,205	41,970
Total intangible assets	5,969	6,189	61,772
Investments and other assets:			
Investment securities (Notes 5 and 6)	35,360	29,593	295,369
Deferred tax assets (Note 8)	5,881	6,356	63,439
Other assets	9,416	9,662	96,437
Allowance for doubtful accounts	(2,130)	(1,653)	(16,499)
Total investments and other assets	48,527	43,958	438,746
Total assets	¥579,463	¥540,473	$5,394,480

Liabilities and net assets	March 31, 2007 (Millions of yen)	March 31, 2008 (Millions of yen)	2008 (Thousands of U.S. dollars) (Note 2)
Current liabilities:			
Short-term borrowings (Note 6)	¥ 81,588	¥ 93,070	$ 928,935
Current portion of long-term debt (Note 6)	28,531	26,450	263,998
Notes and accounts payable – trade	129,608	108,112	1,079,070
Income taxes payable	7,005	2,435	24,304
Other current liabilities	40,704	40,478	404,012
Total current liabilities	287,436	270,545	2,700,319
Long-term liabilities:			
Long-term debt (Note 6)	112,765	104,555	1,043,567
Accrued pension and severance costs (Note 7)	27,857	28,145	280,916
Deferred tax liabilities on land revaluation surplus (Notes 8 and 10)	522	522	5,210
Other long-term liabilities (Notes 6 and 8)	8,772	7,709	76,944
Total long-term liabilities	149,916	140,931	1,406,637
Total liabilities	437,352	411,476	4,106,956
Net assets (Note 1(b)):			
Shareholders' equity:			
Common stock:			
Authorized: 1,600,000,000 shares			
Issued: 543,350,370 shares in 2007 and 545,126,049 shares in 2008	39,085	39,085	390,109
Additional paid-in capital	24,569	25,420	253,718
Retained earnings	66,928	53,911	538,088
Treasury stock, at cost (2,006,054 shares in 2007 and 621,759 shares in 2008)	(406)	(122)	(1,218)
Total shareholders' equity	130,176	118,294	1,180,697
Valuation and translation adjustments:			
Net unrealized gains on securities (Note 5)	5,449	2,219	22,148
Net unrealized gains on hedges (Note 1(n))	619	308	3,074
Revaluation surplus (Note 10)	145	145	1,447
Foreign currency translation adjustments	1,557	793	7,915
Total valuation and translation adjustments	7,770	3,465	34,584
Minority interests in consolidated subsidiaries	4,165	7,238	72,243
Total net assets	142,111	128,997	1,287,524
Contingent liabilities (Note 14)			
Total liabilities and net assets	¥579,463	¥540,473	$5,394,480

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

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

	Year ended March 31, 2007 (Millions of yen)	2008 (Millions of yen)	2008 (Thousands of U.S. dollars) (Note 2)
Net sales	¥618,158	¥647,846	$6,466,174
Cost of sales (Note 13)	497,813	538,900	5,378,780
Gross profit	120,345	108,946	1,087,394
Selling, general and administrative expenses (Notes 13 and 16)	89,826	90,948	907,755
Operating profit	30,519	17,998	179,639
Non-operating income:			
Interest income	153	138	1,378
Equity in earnings of affiliates	476	350	3,493
Rental income	719	663	6,617
Royalty income	322	414	4,132
Other	2,157	2,263	22,587
Total non-operating income	3,827	3,828	38,207
Non-operating expenses:			
Interest expense	3,677	3,931	39,235
Amortization of transition obligation for employees' retirement benefits (Note 7)	2,137	2,070	20,661
Other	3,284	4,603	45,943
Total non-operating expenses	9,098	10,604	105,839
Ordinary profit	25,248	11,222	112,007
Special gains:			
Gain on changes in equity interest in affiliates	—	1,101	10,989
Reversal of allowance for doubtful accounts	—	1,056	10,540
Gain on insurance settlement	—	318	3,174
Gain on sales of fixed assets	357	—	—
Total special gains	357	2,475	24,703
Special losses:			
Loss on impairment of fixed assets	502	11,839	118,165
Additional retirement allowance for early retirement program	—	2,300	22,956
Cost of corrective measures for product defects	—	1,679	16,758
Land restoration expense	547	—	—
Loss on disposal of fixed assets	391	—	—
Total special losses	1,440	15,818	157,879
Income (loss) before income taxes and minority interests	24,165	(2,121)	(21,169)
Income taxes (Note 8):			
Current	11,476	6,233	62,212
Deferred	(466)	1,383	13,804
	11,010	7,616	76,016
Minority interests in net income of consolidated subsidiaries	400	573	5,719
Net income (loss)	¥ 12,755	¥(10,310)	$ (102,904)

	2007 (Yen)	2008 (Yen)	2008 (U.S. dollars) (Note 2)
Per share of common stock (Note 17):			
Net income (loss):			
Basic	¥ 23.56	¥ (19.00)	$ (0.19)
Diluted	22.36	—	—
Cash dividends	5.00	3.00	0.03

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

Nippon Light Metal Company, Ltd. and consolidated subsidiaries

	Shareholders' equity				Valuation and translation adjustments					
	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 10)	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
	(Millions of yen)									
Balance at March 31, 2006	¥39,085	¥24,569	¥56,385	¥(320)	¥5,629	¥ —	¥145	¥501	¥3,994	¥129,988
Net income			12,755							12,755
Cash dividends (Note 9)			(2,167)							(2,167)
Directors' and statutory auditors' bonuses (Note 16)			(45)							(45)
Net increase in treasury stock				(86)						(86)
Net unrealized losses on securities (Note 5)					(180)					(180)
Net unrealized gains on hedges (Note 1(n))						619				619
Foreign currency translation adjustments								1,056		1,056
Net increase in minority interests in consolidated subsidiaries									171	171
Balance at March 31, 2007	39,085	24,569	66,928	(406)	5,449	619	145	1,557	4,165	142,111
Share exchange		851		407						1,258
Net loss			(10,310)							(10,310)
Cash dividends (Note 9)			(2,707)							(2,707)
Net increase in treasury stock				(123)						(123)
Net unrealized losses on securities (Note 5)					(3,230)					(3,230)
Net unrealized losses on hedges						(311)				(311)
Foreign currency translation adjustments								(764)		(764)
Net increase in minority interests in consolidated subsidiaries									3,073	3,073
Balance at March 31, 2008	¥39,085	¥25,420	¥53,911	¥(122)	¥2,219	¥308	¥145	¥793	¥7,238	¥128,997

	Shareholders' equity				Valuation and translation adjustments					
	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 10)	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
	(Thousands of U.S. dollars) (Note 2)									
Balance at March 31, 2007	$390,109	$245,224	$668,011	($4,052)	$54,387	$6,178	$1,447	$15,540	$41,571	$1,418,415
Share exchange		8,494		4,062						12,556
Net loss			(102,904)							(102,904)
Cash dividends (Note 9)			(27,019)							(27,019)
Net increase in treasury stock				(1,228)						(1,228)
Net unrealized losses on securities (Note 5)					(32,239)					(32,239)
Net unrealized losses on hedges						(3,104)				(3,104)
Foreign currency translation adjustments								(7,625)		(7,625)
Net increase in minority interests in consolidated subsidiaries									30,672	30,672
Balance at March 31, 2008	$390,109	$253,718	$538,088	($1,218)	$22,148	$3,074	$1,447	$7,915	$72,243	$1,287,524

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,		
	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥24,165	¥(2,121)	$ (21,169)
Depreciation and amortization	17,481	20,160	201,218
Gain on changes in equity interest in affiliates	—	(1,101)	(10,989)
Gain on insurance settlement	—	(318)	(3,174)
Gain on sales of fixed assets	(357)	—	—
Loss on impairment of fixed assets	502	11,839	118,165
Additional retirement allowance for early retirement program	—	2,300	22,956
Cost of corrective measures for product defects	—	1,679	16,758
Land restoration expense	547	—	—
Loss on disposal of fixed assets	391	—	—
Decrease in allowance for doubtful accounts	—	(1,083)	(10,211)
(Decrease) increase in accrued pension and severance costs	(33)	309	3,084
Interest and dividend income	(514)	(857)	(8,554)
Interest expense	3,677	3,931	39,235
Equity in earnings of affiliates	(476)	(350)	(3,493)
(Increase) decrease in notes and accounts receivable - trade	(22,217)	22,272	222,298
(Increase) decrease in inventories	(9,703)	3,253	32,468
Increase (decrease) in notes and accounts payable - trade	18,456	(17,641)	(176,074)
Other	3,879	(2,013)	(20,691)
Subtotal	35,798	40,259	401,827
Interest and dividend income received	614	1,075	10,730
Interest paid	(3,679)	(3,951)	(39,435)
Insurance proceeds received for disasters	—	905	9,033
Payments for corrective measures for product defects	—	(489)	(4,881)
Payments for charges on sales of aluminum foil (Note 18)	(1,061)	—	—
Income taxes paid	(10,275)	(12,781)	(127,568)
Net cash provided by operating activities	21,397	25,018	249,706
Cash flows from investing activities			
Net decrease in time deposits	118	14	140
Payments for purchases of investment securities	(83)	(43)	(429)
Proceeds from sales of investment securities	153	261	2,605
Payments for purchases of fixed assets	(18,407)	(24,370)	(243,238)
Proceeds from sales of fixed assets	628	401	4,002
Net decrease in long-term loans receivable	45	11	110
Cash received from acquisitions	—	308	3,074
Other	(1,968)	(1,633)	(16,299)
Net cash used in investing activities	(19,514)	(25,051)	(250,035)
Cash flows from financing activities			
(Decrease) increase in short-term borrowings	(1,013)	4,821	48,119
Proceeds from long-term debt	57,367	18,918	188,821
Repayment of long-term debt	(41,392)	(29,756)	(296,996)
Cash dividends paid	(2,157)	(2,685)	(26,799)
Cash dividends paid to minority interests	(223)	(214)	(2,136)
Other	(99)	(112)	(1,118)
Net cash provided by (used in) financing activities	12,483	(9,028)	(90,109)
Effect of exchange rate changes on cash and cash equivalents	63	(94)	(938)
Net increase (decrease) in cash and cash equivalents	14,429	(9,155)	(91,376)
Cash and cash equivalents at beginning of year	27,696	42,125	420,451
Cash and cash equivalents of newly consolidated subsidiaries	—	36	359
Cash and cash equivalents at end of year (Note 3)	¥42,125	¥33,006	$329,434

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) Accounting Standard for Presentation of Net Assets in the Balance Sheet

On December 9, 2005, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 5, "Accounting Standard for Presentation of Net Assets in the Balance Sheet," and ASBJ Guidance No. 8, "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet." Effective the year ended March 31, 2007, the Company adopted this accounting standard and guidance.

(c) 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.

On October 31, 2003, the Business Accounting Council issued "Accounting Standard for Business Combinations" and on December 27, 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures." Effective the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted these accounting standards.

(d) 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 income (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.

(e) 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.

(f) 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.

(g) 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 (loss) 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.

(h) 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.

(i) 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.

Effective April 1, 2007, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment purchased on or after April 1, 2007 in accordance with the revision made to the Corporate Tax Law which went into effect on April 1, 2007. The effect of this change for the year ended March 31, 2008 was to decrease operating profit and ordinary profit by ¥332 million ($3,314 thousand), increase loss before income taxes and minority interests by ¥332 million ($3,314 thousand), and increase net loss by ¥213 million ($2,126 thousand) as compared to the amounts which would have been recorded under the previous method.

In addition, effective April 1, 2007 the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment purchased on or before March 31, 2007. Such assets which have been depreciated to 5% of their respective acquisition cost under the Corporate Tax Law prior to the revision are further depreciated to their respective memorandum value from the following fiscal year using the straight-line method over a period of 5 years, and such depreciate is included in depreciation cost. The effect of this change for the year ended March 31, 2008 was to decrease operating profit by ¥1,566 million ($15,630 thousand), decrease ordinary profit by ¥1,534 million ($15,311 thousand), increase loss before income taxes and minority interests by ¥1,534 million ($15,311thousand), and increase net loss by ¥1,042 million ($10,400 thousand) as compared to the amounts which would have been recorded under the previous method.

(j) 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.

(k) 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. 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.

(l) Lease transactions

Under Japanese accounting practices, finance leases without options to transfer ownership of the leased assets to the lessee may be accounted for as operating leases subject to appropriate footnote disclosure. Therefore, the Company and its consolidated subsidiaries charge or credit periodic lease payments and receipts related to finance leases to income as incurred.

(m) 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.

(n) 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.

Effective the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted ASBJ Statement No. 5 and ASBJ Guidance No. 8 (see Note 1.(b), "Accounting Standard for Presentation of Net Assets in the Balance Sheet"). Prior to April 1, 2006, gains or losses arising from changes in fair value of derivatives designated as hedging instruments were deferred as an asset or a liability until they were recognized in income. Under the new accounting standard, such gains or losses are recorded as net unrealized gains on hedges in net assets, net of the related taxes.

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.

(o) Research and development costs

Research and development costs are charged to income as incurred.

(p) 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 (loss) per share

Basic net income (loss) per share of common stock, presented in the accompanying consolidated statements of operations, 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.

2. U.S. DOLLAR AMOUNTS

The rate of ¥100.19 = U.S.$1, the approximate exchange rate prevailing on March 31, 2008, 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, 2007 and 2008 is summarized as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥42,433	¥31,287	$312,277
Time deposits with maturities in excess of 3 months	(308)	(281)	(2,805)
Certificates of deposit included in "Other current assets"	—	2,000	19,962
Cash and cash equivalents	¥42,125	¥33,006	$329,434

4. INVENTORIES

Inventories at March 31, 2007 and 2008 comprised the following:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Finished products	¥32,348	¥31,098	$310,390
Work-in-process, including costs related to construction-type contracts	37,850	33,329	332,658
Raw materials and supplies	16,037	22,498	224,554
	¥86,235	¥86,925	$867,602

5. INVESTMENT SECURITIES

(a) Available-for-sale securities with available market quotations

The aggregate cost, carrying amount and gross unrealized gains and losses of available-for-sale securities comprising equity securities with available market quotations at March 31, 2007 and 2008 were as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Cost	¥ 3,932	¥3,954	$39,465
Unrealized gains	9,013	3,868	38,607
Unrealized losses	(34)	(218)	(2,176)
Carrying amount	¥12,911	¥7,604	$75,896

(b) Sales of available-for-sale securities

The realized gains on sales of available-for-sale securities for the years ended March 31, 2007 and 2008 were as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Sales proceeds	¥153	¥261	$2,605
Realized gains on sales	41	160	1,597

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

The carrying amounts of held-to-maturity securities and available-for-sale securities without available market quotations at March 31, 2007 and 2008 were as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Held-to-maturity securities:			
Privately offered domestic debt securities	¥ 93	¥ 86	$ 858
Available-for-sale securities:			
Equity investments in non-public companies	11,268	11,153	111,319
Other	84	2,084	20,800
	¥11,445	¥13,323	$132,977

(d) Maturities of debt securities

Maturities of debt securities at March 31, 2007 and 2008 were as follows:

	2007			
	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)			
Debt securities:				
Government and municipal bonds	¥7	¥54	¥14	¥8
Corporate debt securities	—	10	—	—
Other	—	25	—	—
	¥7	¥89	¥14	¥8

	2008			
	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)			
Debt securities:				
Government and municipal bonds	¥14	¥47	¥9	¥6
Corporate debt securities	—	10	—	—
Other	15	10	—	—
	¥29	¥67	¥9	¥6

	2008			
	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)			
Debt securities:				
Government and municipal bonds	$140	$469	$90	$60
Corporate debt securities	—	100	—	—
Other	150	100	—	—
	$290	$669	$90	$60

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2008 bore interest at annual rates ranging from 1.01% to 6.04% and mainly consisted of bank loans and short-term notes maturing at various dates within one year.

Long-term debt at March 31, 2007 and 2008 comprised the following:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Loans, principally from banks and insurance companies due from 2007 to 2016 with interest rates ranging from 0.80% to 4.51%:			
Secured	¥ 36,411	¥ —	$ —
Unsecured	73,106	—	—
Loans, principally from banks and insurance companies due from 2008 to 2017 with interest rates ranging from 0.75% to 7.74%:			
Secured	—	24,727	246,801
Unsecured	—	74,695	745,534
Unsecured 3.06% bonds due June 1, 2007, redeemable before due date	708	—	—
Unsecured 4.00% bonds due June 1, 2017, redeemable before due date	—	601	5,999
Zero coupon convertible bonds due September 30, 2009 (*1)	10,024	9,964	99,451
Zero coupon convertible bonds due September 30, 2016 (*2)	20,092	20,083	200,449
Capital lease obligations due from 2007 to 2029 with interest rates ranging from 6.52% to 7.20%	955	—	—
Capital lease obligations due from 2008 to 2029 with interest rates ranging from 6.52% to 7.41%	—	935	9,332
	141,296	131,005	1,307,565
Less: portion due within one year	(28,531)	(26,450)	(263,998)
Total long-term debt	¥112,765	¥104,555	$1,043,567

*(*1) The details of the zero coupon convertible bonds due September 30, 2009 are summarized as follows:*

Stock type to be issued:	Common stock
Issue price per stock acquisition right:	None
Initial exercise price:	¥350 per share
Total issue price:	¥10,050 million
Exercisable period of stock acquisition rights:	From August 9, 2004 to September 16, 2009

*(*2) 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, 2008 is as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash and deposits	¥ 11	$ 110
Property, plant and equipment	79,080	789,300
Investment securities	373	3,723

The aggregate annual maturities of long-term debt outstanding at March 31, 2008 are summarized as follows:

Years ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2009	¥ 26,450	$ 263,998
2010	33,379	333,157
2011	17,544	175,108
2012	12,860	128,356
2013	11,377	113,554
Thereafter	29,298	292,424
	¥130,908	$1,306,597

On August 11, 2006, the ASBJ issued ASBJ Statement No. 10, "Accounting Standard for Financial Instruments." Effective the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted this accounting standard. Prior to April 1, 2006, premium on bonds had been recorded as other long-term liabilities in the consolidated balance sheets. Under the new accounting standard, the premium is included in long-term debt or current portion of long-term debt.

7. RETIREMENT BENEFIT PLANS

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

Accrued pension and severance costs at March 31, 2007 and 2008 are summarized as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Projected benefit obligation	¥(65,717)	¥(63,884)	$(637,629)
Fair value of plan assets	27,317	24,074	240,284
	(38,400)	(39,810)	(397,345)
Unrecognized transition obligation	10,394	8,100	80,846
Unrecognized actuarial loss	149	3,565	35,583
Accrued pension and severance cost	¥(27,857)	¥(28,145)	$(280,916)

The net pension and severance costs related to retirement benefits for the years ended March 31, 2007 and 2008 are summarized as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥3,646	¥3,903	$38,956
Interest cost	1,370	1,339	13,365
Expected return on plan assets	(559)	(585)	(5,839)
Amortization of transition obligation	2,137	2,070	20,661
Amortization of unrecognized actuarial gain	(25)	(7)	(70)
Net pension and severance costs	¥6,569	¥6,720	$67,073

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

	2007	2008
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%
Method of attributing projected benefits to periods of employee service	Straight-line basis	Straight-line basis
Period of amortization of unrecognized actuarial gain	Mainly 12 years	Mainly 12 years
Period of amortization of transition obligation	12 years	12 years

8. 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, 2007 and 2008.

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

Significant components of deferred tax assets and liabilities at March 31, 2007 and 2008 were as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Accrued pension and severance costs	¥ 11,217	¥ 10,968	$109,472
Tax loss carryforwards	5,578	6,901	68,879
Loss on impairment of fixed assets	–	5,450	54,397
Allowance for doubtful accounts	3,807	3,542	35,353
Accrued bonuses	2,667	2,632	26,270
Loss on disposal of fixed assets	1,623	1,435	14,323
Other	10,666	11,321	112,995
Total deferred tax assets	35,558	42,249	421,689
Valuation allowance	(19,976)	(27,793)	(277,403)
Total deferred tax assets, net of valuation allowance	15,582	14,456	144,286
Deferred tax liabilities:			
Unrealized gain on securities	(3,507)	(1,476)	(14,732)
Revaluation gain on subsidiaries	(746)	(887)	(8,853)
Other	(851)	(665)	(6,638)
Total deferred tax liabilities	(5,104)	(3,028)	(30,223)
Net deferred tax assets	¥ 10,478	¥ 11,428	$114,063

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

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets (current assets)	¥5,405	¥5,381	$53,708
Deferred tax assets (investments and other assets)	5,881	6,356	63,439
Other long-term liabilities	(808)	(309)	(3,084)

In addition to the above, the Company recorded deferred tax liabilities on land revaluation surplus of ¥522 million ($5,210 thousand) at March 31, 2007 and 2008 separately.

A reconciliation of the differences between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2007 is summarized as follows:

	2007
Statutory income tax rate	40.7%
Increase (decrease) in taxes resulting from:	
Increase in valuation allowance	2.4
Permanent non-deductible expenses	2.0
Other	0.5
Effective income tax rate	45.6%

Due to the recording of loss before income taxes and minority interests, the corresponding reconciliation for the year ended March 31, 2008 has been omitted.

9. APPROPRIATIONS OF RETAINED EARNINGS

The following appropriation was approved at the ordinary general meeting of shareholders of the Company held on June 26, 2008:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends	¥1,634	$16,309

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.

10. REVALUATION SURPLUS

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

11. LEASE TRANSACTIONS

The Company and its consolidated subsidiaries charge or credit to income periodic lease payments and receipts for finance leases that do not have options to transfer ownership of the leased assets to the lessee. Such periodic lease payments under finance lease contracts totaled ¥1,920 million and ¥1,884 million ($18,804 thousand), and receipts under finance lease contracts totaled ¥144 million and ¥138 million ($1,377 thousand) for the years ended March 31, 2007 and 2008, respectively. Future lease payments and receipts under finance leases and non-cancelable operating leases, including interest, at March 31, 2007 and 2008 are summarized as follows:

	2007	2008	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Lease payments:			
Due within one year	¥3,130	¥1,860	$18,565
Due after one year	4,455	3,999	39,914
	¥7,585	¥5,859	$58,479
Lease payments:			
Due within one year	¥ 66	¥ 112	$ 1,118
Due after one year	9	45	449
	¥ 75	¥ 157	$ 1,567

Leased assets under finance leases, where lessors retain ownership of the leased assets, are accounted for as operating leases. If such leases had been capitalized, then the cost of the assets, and the related accumulated depreciation (amortization), accumulated impairment loss and net amount at March 31, 2007 and 2008 would have been as follows:

	2007			
	Cost	Accumulated depreciation/ amortization	Accumulated impairment loss	Net amount
	(Millions of yen)			
Buildings and structures	¥ 26	¥ 23	¥ —	¥ 3
Machinery and equipment	13,194	5,750	1,464	5,980
Intangible assets	217	89	3	125
	¥13,437	¥5,862	¥1,467	¥6,108

	2008				
	Cost	Accumulated depreciation/ amortization	Accumulated impairment loss	Net amount	Net amount
	(Millions of yen)				(Thousands of U.S. dollars)
Machinery and equipment	¥ 9,603	¥4,256	¥1,105	¥4,242	$42,340
Intangible assets	884	391	—	493	4,920
	¥10,487	¥4,647	¥1,105	¥4,735	$47,260

Depreciation (amortization) for these leased assets computed using the straight-line method over the respective lease periods would have been ¥1,920 million and ¥1,884 million ($18,804 thousand) for the years ended March 31, 2007 and 2008, respectively.

Fixed 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, 2007 and 2008, are summarized as follows:

	2007		
	Cost	Accumulated impairment loss	Net amount
	(Millions of yen)		
Machinery and equipment	¥204	¥137	¥67

	2008			
	Cost	Accumulated impairment loss	Net amount	Net amount
	(Millions of yen)			(Thousands of U.S. dollars)
Machinery and equipment	¥227	¥95	¥132	$1,317

Depreciation for these leased assets computed using the straight-line method over the respective lease periods would have been ¥112 million and ¥109 million ($1,088 thousand) for the years ended March 31, 2007 and 2008, respectively.

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.

At March 31, 2007 and 2008, there were no derivative financial instruments, except for those instruments to which hedge accounting was applied.

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, 2007 and 2008 were ¥5,504 million and ¥5,858 million ($58,469 thousand), respectively.

14. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2008 amounted to ¥9,050 million ($90,328 thousand) for loans guaranteed and other guarantees given in the ordinary course of business, including ¥2,027 million ($20,232 thousand) shared by other joint guarantors, and ¥520 million ($5,190 thousand) for notes discounted.

15. LOSS ON IMPAIRMENT OF FIXED ASSETS

The Company and its consolidated subsidiaries recognized ¥502 million and ¥11,839 million ($118,165 thousand) of loss on impairment of fixed assets, of which the significant items for the years ended March 31, 2007 and 2008, are presented below:

2007			
Location	Major use	Asset category	(Millions of yen)
Ichikawa City, Chiba Prefecture	Office site for head office of a subsidiary company	Land	¥402

Since the market price of land in Ichikawa City, Chiba Prefecture has gone down remarkably and has shown a sign of impairment, the Company and its consolidated subsidiaries recognized ¥402 million of loss on impairment, upon deeming such assets to be impaired. The fair value less cost to sell was applied when the recoverable amount of the assets was computed. The fair value less cost to sell was assessed on the basis of the real-estate appraisal value in accordance with the real-estate appraisal standard. In addition, the operating assets have been grouped by the independent operating division, which generates cash flows, the rental assets by administrative business division and idle assets by individual asset.

2008				
Location	Major use	Asset category	(Millions of yen)	(Thousands of U.S. dollars)
Takaoka City, Toyama Prefecture and other	Manufacturing facilities for building materials and related assets	Machinery and equipment	¥6,144	$61,324
		Buildings and structures	2,205	22,008
		Land	1,297	12,945
		Other assets	1,286	12,836

Since the cash flows generated from operating activities resulting from the use of the groups of assets have been continuously negative, after having noted a sign of impairment and recognized it, the Company and its consolidated subsidiaries recognized ¥10,932 million ($109,113 thousand) as the related loss. The recoverable amounts of the asset groups were measured at their respective value in use and cash flows were calculated at a discount rate 3.5%. In addition, the operating assets have been grouped by independent operating division, which generates cash flows, the rental assets by administrative business division and idle assets by individual asset.

16. DIRECTORS' BONUSES

On November 29, 2005, the ASBJ issued ASBJ Statement No. 4, "Accounting Standard for Directors' Bonus." Effective the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted this standard. Prior to April 1, 2006, directors' bonuses had been recorded as a decrease in unappropriated retained earnings by appropriation based on shareholders' approval. Under the new accounting standard, these bonuses are accrued and recorded as an expense. As a result of the adoption of this accounting standard, operating profit and income before income taxes and minority interests decreased by ¥52 million for the year ended March 31, 2007, from the corresponding amounts which would have been recorded under the previous method.

17. NET INCOME (LOSS) PER SHARE

A reconciliation of the differences between basic and diluted net income (loss) per share for the years ended March 31, 2007 and 2008 is summarized as follows:

	2007		
	Net income	Weighted average number of shares	Net income per share
	(Millions of yen)	(Thousands of shares)	(Yen)
Net income	¥12,755		
Basic net income	12,755	541,476	¥23.56
Effect of convertible bonds	(6)	28,714	
Diluted net income	¥12,749	570,190	¥22.36

	2008			
	Net loss	Weighted average number of shares	Net loss per share	
	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
Net loss	¥10,310			
Basic net loss	10,310	542,732	¥19.00	$0.19
Effect of convertible bonds	—	—		
Diluted net loss	¥10,310	542,732	¥ —	$ —

18. CHARGES ON SALES OF ALUMINUM FOIL

On November 11, 2005, the Japan Fair Trade Commission submitted its findings, based on Article 48, Section 2 of the Antimonopoly Act of Japan, to the Company's consolidated subsidiaries, Toyo Aluminium K.K. and Tokai Aluminium Foil Co., Ltd., that they had violated Article 3 (prohibition of illegal trade limitation) of the act with respect to sales of aluminum foil. These two companies accepted the findings on November 18, 2005 and paid the related charges during the year ended March 31, 2007.

19. BUSINESS COMBINATION

On April 1, 2007, the Company acquired 55% of the outstanding shares of common stock of M.C. Aluminum Co., Ltd. ("MCA") in exchange for a transfer of certain of the Company's assets and liabilities to MCA. The operating results of MCA have been included in the consolidated financial statements since that date. MCA is engaged in production and sale of aluminum for die-cast products. Through this business integration, the Company intends further growth in its corporate value with the synergy of the Company's manufacturing technology and development capability and MCA's domestic and overseas production bases and business experience. Upon this transaction, MCA has changed its name to Nikkei MC Aluminum Co., Ltd.

The acquisition cost amounted to ¥2,299 million ($22,946 thousand), which consisted of MCA's shares of common stock of ¥2,273 million ($22,687 thousand) and acquisition-related direct costs of ¥26 million ($259 thousand).

In connection with this transaction, the Company recognized negative goodwill of ¥83 million ($828 thousand) and fully amortized it during the year ended March 31, 2008.

Assets acquired and liabilities assumed on the date of the business combination are summarized as follows:

	2008	
	(Millions of yen)	(Thousands of U.S. dollars)
Assets:		
Current assets	¥13,616	$135,902
Non-current assets	5,712	57,011
Total assets	¥19,328	$192,913
Liabilities:		
Current liabilities	¥12,856	$128,316
Long-term liabilities	634	6,328
Total liabilities	¥13,490	$134,644

20. SEGMENT INFORMATION

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 "Building materials."

The "Aluminum ingot and chemicals" segment supplies aluminum primary and remelted ingot used for various industrial materials, and produces a wide spectrum of aluminas and alumina hydrates ranging from raw materials to basic materials for ceramic compounds. The "Aluminum sheet and extrusions" segment produces sheet, coil, and extrusion products consisting primarily of shapes, tubes and rods. The "Fabricated products and others" segment produces a variety of products which include aluminum foil, aluminum powder, wing bodies for transport vehicles, automobile components and electronic materials. The "Building materials" segment produces a wide range of materials including sashes, curtain walls, and doors and fences for commercial and residential construction. "Corporate items" include unallocated operating expenses and corporate assets not specifically related to business segments.

Information by business segment for the years ended March 31, 2007 and 2008 was as follows:

	2007					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
	(Millions of yen)					
Sales:						
Customers	¥110,667	¥ 78,929	¥255,514	¥173,048	¥ —	¥618,158
Intersegment	91,044	32,163	17,275	4,508	(144,990)	—
Total	201,711	111,092	272,789	177,556	(144,990)	618,158
Operating expenses	190,044	104,649	258,633	176,483	(142,170)*1	587,639
Operating profit	¥ 11,667	¥ 6,443	¥ 14,156	¥ 1,073	¥ (2,820)	¥ 30,519
Total assets	¥121,300	¥ 81,674	¥225,685	¥162,289	¥ (11,485)*2	¥579,463
Depreciation and amortization	¥ 2,885	¥ 2,004	¥ 6,579	¥ 5,925	¥ 88	¥ 17,481
Loss on impairment of fixed assets	¥ —	¥ —	¥ 17	¥ 485	¥ —	¥ 502
Capital expenditures	¥ 4,125	¥ 2,221	¥ 8,342	¥ 5,963	¥ 51	¥ 20,702

**1 Corporate items of ¥2,820 million are included.* **2 Corporate items of ¥26,340 million are included.*

	2008					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
	(Millions of yen)					
Sales:						
Customers	¥156,189	¥ 79,375	¥251,998	¥160,284	¥ —	¥647,846
Intersegment	88,331	33,311	16,420	4,010	(142,072)	—
Total	244,520	112,686	268,418	164,294	(142,072)	647,846
Operating expenses	235,348	111,056	255,206	167,270	(139,032)*1	629,848
Operating profit (loss)	¥ 9,172	¥ 1,630	¥ 13,212	¥ (2,976)	¥ (3,040)	¥ 17,998
Total assets	¥131,598	¥ 75,859	¥220,952	¥123,995	¥ (11,931)*2	¥540,473
Depreciation and amortization	¥ 3,944	¥ 2,759	¥ 7,528	¥ 5,839	¥ 90	¥ 20,160
Loss on impairment of fixed assets	¥ —	¥ —	¥ 50	¥ 11,789	¥ —	¥ 11,839
Capital expenditures	¥ 5,238	¥ 5,165	¥ 8,993	¥ 5,785	¥ 82	¥ 25,263

**1 Corporate items of ¥3,040 million are included.* **2 Corporate items of ¥23,096 million are included.*

	2008					
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Building materials	Elimination or corporate items	Consolidated
	(Thousands of U.S. dollars)					
Sales:						
Customers	$1,558,928	$ 792,245	$2,515,201	$1,599,800	$ —	$6,466,174
Intersegment	881,635	332,478	163,889	40,024	(1,418,026)	—
Total	2,440,563	1,124,723	2,679,090	1,639,824	(1,418,026)	6,466,174
Operating expenses	2,349,017	1,108,454	2,547,220	1,669,528	(1,387,683)*1	6,286,536
Operating profit (loss)	$ 91,546	$ 16,269	$ 131,870	$ (29,704)	$ (30,343)	$ 179,638
Total assets	$1,313,484	$ 757,151	$2,205,330	$1,237,599	$ (119,084)*2	$5,394,480
Depreciation and amortization	$ 39,365	$ 27,538	$ 75,137	$ 58,279	$ 899	$ 201,218
Loss on impairment of fixed assets	$ —	$ —	$ 499	$ 117,666	$ —	$ 118,165
Capital expenditures	$ 52,281	$ 51,552	$ 89,760	$ 57,740	$ 818	$ 252,151

**1 Corporate items of $30,342 thousand are included.* **2 Corporate items of $230,522 thousand are included.*

As more than 90% of sales for the years ended March 31, 2007 and 2008 were made in Japan, the disclosure of geographical segment information has been omitted.

Export sales and operations outside Japan for the year ended March 31, 2007 were insignificant. Export sales and operations outside Japan for the year ended March 31, 2008 are summarized as follows:

2008		
Export sales and operations outside Japan	Consolidated net sales	Percentage of consolidated net sales
(Millions of yen)		
¥65,298	¥647,846	10.1%

2008		
Export sales and operations outside Japan	Consolidated net sales	Percentage of consolidated net sales
(Thousands of U.S. dollars)		
$651,742	$6,466,174	10.1%

ERNST & YOUNG SHINNIHON

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Report of Independent Auditors

The Board of Directors
Nippon Light Metal Company, Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Light Metal Company, Ltd. and consolidated subsidiaries as of March 31, 2007 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Light Metal Company, Ltd. and consolidated subsidiaries at March 31, 2007 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon

June 26, 2008

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: 1-815-740-3037
Aluminum powder and paste
(100%)

Europe

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

East Asia

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

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

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

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

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

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

Southeast Asia

Nikkei MC Aluminum (Korat) Co., Ltd.
Thailand
Phone: 66-44-327-621
Aluminum alloys
(75%)

Nikkei MC Aluminum (Thailand) Co., Ltd.
Thailand
Phone: 66-38-522296
(79%)

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

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

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

(As of July 31, 2008)

Directors

Chairman
Representative Director
Shigesato Sato

President
Representative Director
Takashi Ishiyama

Director
Makoto Fujioka
Akira Kato
Mitsuru Ishihara
Mitsuaki Asano
Masao Imasu
Tsuyoshi Nakajima
Yoshinobu Hiki
Hidetane Iijima*
Kuniya Sakai*

* Outside Director

Auditors

Standing Statutory Auditor
Yoshihiko Hamabe
Hideki Nakamura

Outside Statutory Auditor
Yuzuru Fujita
Katsuo Wajiki
Yasuo Yuki

Officers

Chairman
Shigesato Sato

President
Chief Executive Officer
Takashi Ishiyama
Supervision of Strategic Committee for Product Commercialization and Business Development

Senior Executive Officer
Makoto Fujioka
General Manager of Internal Control Office, In Charge of Compliance, Supervision of Auditing Office and Legal Dept., In charge of Environment and Specific Projects for Group Sales

Akira Kato
General Manager of Technology & Development Group and Central Product Safety & Quality Assurance Division, Supervision of Capacitor Foil

Mitsuru Ishihara
Divisional Manager of Chemicals, Supervision of Rolling Products Div.

Executive Officer
Mitsuaki Asano
Supervision of Accounting Dept. and Purchasing & Logistics Dept.

Yoshiaki Kurihara
In Charge of Group Sales Promotion, General Manager of Osaka/Nagoya Regional Office, Supervision of Group Metal Center

Tadakazu Miyauchi
Divisional Manager of Metal & Alloy, Supervision of Shaped Parts Div., Heat Exchanger Div. and Kambara Complex

Koji Ueno
Supervision of Personnel Dept., General Affairs Dept. and IR & Public Relations, In Charge of Safety

Atsushi Inoue
General Manager of Sheet & Extrusion Fabricated Products Controlling Dept., Supervision of Panel Products and Landscape Products Dept.

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

Tadashi Asahi
Divisional Manager of Rolling Product

Toshihide Murakami
General Manager of Kambara Complex, Divisional Manager of Capacitor Foil

Takashi Hara
Divisional Manager of Shaped Parts

Hiroyashi Hiruma
General Manager of Personnel Dept.

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

Hirokazu Takatoku
General Manager of Legal Dept., and Compliance Office

(As of June 30, 2008)

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
59,039

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

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

Last Shareholders' Meeting
June 26, 2008

Major Shareholders
(Ratio of Stock Holding)

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

Namekawa Aluminium Co., Ltd.
(3.2%)

The Master Trust Bank of Japan, Ltd.
(trust accounts)
(3.2%)

Japan Trustee Services Bank, Ltd.
(trust accounts)
(3.0%)

Asahi Mutual Life Insurance Co.
(2.8%)

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

Morgan Stanley and Company Inc.
(2.4%)

Nikkei-Keiyu-Kai
(2.2%)

Mizuho Corporate Bank, Ltd.
(2.1%)

Mizuho Trust employee pension trust
Mizuho Corporate accounts
(1.5%)

(As of March 31, 2008)

Nippon Light Metal Company, Ltd.
NYK Tennoz Building, 2-20, Higashi-Shinagawa 2-chome
Shinagawa-ku, Tokyo 140-8628, Japan
http://www.nikkeikin.co.jp

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