

ANNUAL REPORT 2011

MARCH 31, 2011

YAMATO KOGYO CO., LTD.

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Group Vision



President Hiroyuki Inoue

Technology and globalization are the two themes that constantly spur the Yamato Kogyo Group to new levels.

By honing our skills as a railroad parts manufacturer, our overseas expansion has progressed so rapidly that the Yamato Kogyo Group is now one of only a few electrical furnace manufacturers in Japan with a global presence. Our products have received high praise both domestically and internationally due to the vast technology and expertise incorporated within them.

Forming the psychological core of our company is the theory of Five Lessons of a Stream of Water that provides the continual driving force for our company. Obstructions are overcome with a renewed energy and provide the power to rise again. We motivate ourselves in the same way that water behaves, pushing us forward to new heights.

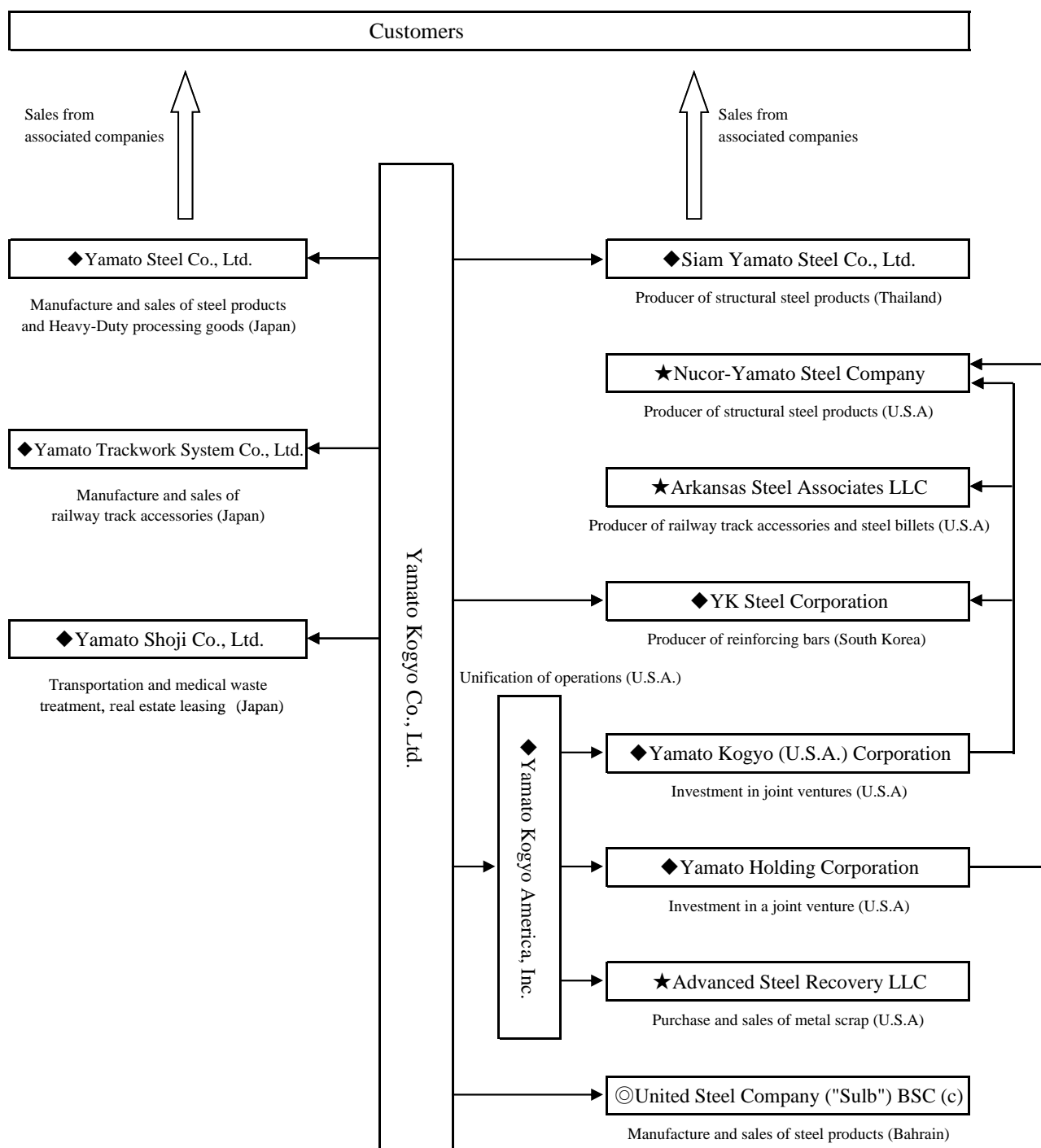
Under the umbrella of Yamato Kogyo, Co., Ltd. lies the various arms of the Yamato Kogyo Group, including Yamato Steel Co., Ltd. and Yamato Trackwork System Co., Ltd. More than sixty years of experience of working with steel has shown that there are still many secrets that remain unexplored. By using the Five Lessons of a Stream of Water theory, we hope to explore the possibilities of steel to new boundaries.

- Five Lessons of Stream of Water -

- It's a stream of water that moves on its own initiative, and thus makes others move.
- It's a stream of water that never stops, always seeking its course.
- It's a stream of water that dashes against an obstacle it meets, gaining a power a hundred times as great as that which it originally had.
- It's a stream of water that is clean and clear by itself, and washes away the dirt of others, being so "broad-minded" as to be tolerant of even muddy water getting mixed in it.
- It's a stream of water, too, that, in the long run, contributes to filling the vast expanse of an ocean, and that evaporates into the air to form clouds which bring rainfall to the earth.

Corporate Structure and Affiliates

As of March 31, 2011



- ◆ Consolidated subsidiaries
- ★ Equity-method affiliates
- ◎ Affiliate not accounted for by the equity method

- ⇨ Flow of Products
- Flow of Capital

*We have stakes in 3 non-consolidated subsidiary not accounted for by the equity method and 4 affiliates not accounted for by the equity method, however these have been omitted as they are immaterial.

YAMATO KOGYO CO., LTD.
OPERATING RESULTS FOR THE FISCAL YEAR
ENDED MARCH 31, 2011

1. Business Performance and Financial Status

(1) Business Performance

① Status During the Current Fiscal Year

The business environment for Yamato Kogyo Group (the Group) during the current consolidated fiscal year continued to show slow recovery in demand for building materials, which has been falling since the onset of the financial crisis. On the other hand, scrap prices, which is the primary raw material, rose in comparison with previous year, showing price movements in Japan on the level of about 40,000 yen through the end of the fiscal year.

Given such a situation, since July of last year when signs of recovery in demand started to show in Japan, sudden rising trend in the yen has taken effect and plans for construction projects using formed steel were postponed, one after another. Nevertheless, as a result of our diligent responsiveness to customers, sales volumes increased 2% over last year's performance. However, rise in scrap prices was not fully reflected in the sales prices, so there were lower earnings on higher sales as compared with previous year. Also, as a result of the Great East Japan Earthquake, there was an urgent need for building materials for temporary housing, and we made every effort to cooperate for the sake of the recovery. We adopted a flexible manufacturing system, changing the production schedule so that the first shipments went out on March 22.

In South Korea and Thailand, where we have consolidated subsidiaries, and in the United States, where we have affiliated companies with equity method applied, the business performance for January through December of 2010 is reflected in the current consolidated fiscal year. In South Korea, sluggish sales of apartment buildings, which is the primary source of demand for steel reinforcement bars, continued, and construction has remained stagnant, so performance fell. In Thailand, there is fierce competition in the Southeast Asia market, and although sales increased over last year, there was a decline in profits. The second plant for Siam Yamato Steel Co., Ltd. began operations in March of last year, and increased operating rates and reduced costs resulted in improved revenues during the second half of the year. Our U.S. affiliates with equity method applied had stable revenues as demand hit the bottom, and return on investment improved due to the equity method.

As a result of the above, sales for the current consolidated fiscal year were 134,636 million yen (an increase of 8.2% over the same period in the previous year), operating profit was 2,330 million yen (a decrease of 79.7% over the same period in the previous year), ordinary profit was 10,217 million yen (a decrease of 46.6% over the same period in the previous year), and the net income for the current fiscal year was 6,604 million yen (a decrease of 37.3% over the same period in the previous year).

Starting this consolidated accounting year, we are applying "Accounting Standards for Presentation of Comprehensive Income," and we have prepared a Consolidated Statement of Comprehensive Income. As shown in the Consolidated Statement of Comprehensive Income on page 12, the comprehensive income was (8,139) million yen for the current accounting period, which resulted from income before minority interests of 6,916 million yen, valuation difference on available-for-sale securities of (344) million yen, and foreign currency translation adjustment of (14,710) million yen. The comprehensive income attributable to owners of the parent was (8,259) million yen.

We reported in the “Brief Summary of Settlement” for the Third Quarter, issued on January 31, 2011, that we anticipate foreign currency translation adjustment to decline by about 14,000 million yen, and the result was close to that figure. As our Company’s percentage of assets in overseas subsidiaries is high, and our Company aims to continue to develop overseas operations in the future, fluctuations in exchange rates will greatly affect comprehensive income, and when the exchange rate strengthens the yen, it will cause negative effects on the Company’s comprehensive income.

We will be reporting the comprehensive income for each Quarter from now on. The First Quarter of current fiscal year for March 2012, which is scheduled to be issued in July of 2011, reflects the exchange rate differential between the end of December 2010 and the end of March 2011 in accounts adjusted for exchange rate conversion for comprehensive income. During that period, however, there was a slight movement toward a weaker yen, so it is anticipated that foreign currency translation adjustment will increase by about 3,000 million yen in the First Quarter of current fiscal year for March 2012.

Please note that the average exchange rates, used in preparation of consolidated financial statements from financial statements of overseas subsidiaries and affiliates, are set forth below.

(Each company’s fiscal year is from January to December 2010)
87.32 yen/U.S. dollar, 2.75 yen/baht, and 13.24 won/yen

The average exchange rates for the previous consolidated fiscal year are as follows:

(Each company’s fiscal year is from January to December 2009)
93.71 yen/U.S. dollar, 2.73 yen/baht, and 13.62 won/yen

We report the business results of the segment as follows:

● **Steel (Japan)**

Sales were 32,173 million yen, due to increase in sales volumes and sales unit prices have increased as compared with the previous period (Result in the same period in the previous year: 29,013 million yen). The operating profit was 538 million yen, due to rise in scrap prices, which reduced the margin with the sales price (Result in the same period in the previous year: 1,522 million yen).

● **Steel (South Korea)**

Although sales unit prices have slightly increased, a drop in construction demand has resulted in decreased sales volumes. As a result, the sales for this business sector were 47,179 million yen (Result in the same period in the previous year: 51,481 million yen).

The operating profit was 234 million yen, due to increase in sales volumes and rise in scrap prices which reduced the margin with the sales price (Result in the same period in the previous year: 4,007 million yen).

● **Steel (Thailand)**

As a result of sales efforts made by operation of the second plant, sales volumes increased, the sales for this business sector were 45,054 million yen (Result in the same period in the previous year: 33,635 million yen).

The operating profit was 1,850 million yen, due to reduced margin as a result of rise in scrap prices, along with added depreciation cost for the second plant (Result in the same period in the previous year: 5,918 million yen).

● **Railway Track Accessories**

Sales were 4,490 million yen, due to increase in sales volumes of Derailment Prevention Guard for the Shinkansen (Result in the same period in the previous year: 3,840 million yen), and the operating profit was 465 million yen (Result in the same period in the previous year: 214 million yen).

● **Heavy-Duty Machining**

Sales were 5,456 million yen, due to decrease in sales volumes of stern frames (Result in the same period in the previous year: 6,169 million yen), and the operating profit was 555 million yen (Result in the same period in the previous year: 965 million yen).

● **Other Business Sectors**

Other sales were 282 million yen, (Result in the same period in the previous year: 293 million yen) and operating loss was 229 million yen (Result in the same period in the previous year: Operating profit of 48 million yen).

② **Future Outlook**

Although major recovery of the demand is not expected through our consolidated subsidiaries and affiliates with equity method applied, the situation is gradually improving.

Based on the above, the forecast for the entire fiscal year is as follows: Sales of 160,000 million yen, operating profit of 6,000 million yen, ordinary profit of 14,000 million yen, and net income of 8,000 million yen.

Please note that the exchange rates used to convert revenues and expenses of our overseas subsidiaries and affiliates are based on their fiscal year, January to December, 2011. The rates are as follows:

Average rate: 82.83 yen/U.S. dollar, 2.68 yen/baht, and 13.79 won/yen

Current rate: 83.00 yen/U.S. dollar, 2.68 yen/baht, and 13.86won/yen

(2) **Analysis of Financial Status**

Total assets at the end of the current consolidated fiscal year were 230,388 million yen, a decrease of 12,683 million yen in comparison with the end of the previous consolidated fiscal year. This was due to decrease in the assets for our foreign subsidiaries due to fluctuations in exchange rates.

Liabilities were 45,283 million yen, a decrease of 1,208 million yen in comparison with the end of the previous consolidated fiscal year. This was due to decrease in Long-term loans payable and deferred tax liabilities.

Also, net assets were 185,104 million yen, a decrease of 11,474 million yen in comparison with the end of the previous consolidated fiscal year. This was due to factors such as increase in net income, decrease by the payment of dividends, and decreased of 14,518 million yen in foreign currency translation adjustment.

Please note that the following exchange rates are used in preparation of financial statements for overseas subsidiaries and affiliates at the end of the current consolidated fiscal year.

(The end of fiscal year for each overseas company is end of December 2010)

81.44 yen/U.S. dollar, 2.70 yen/baht, and 13.98 won/yen

Also, exchange rates for the end of previous consolidated fiscal year are as follows:

(The end of previous fiscal year for each overseas company is end of December 2009)

92.07 yen/U.S. dollar, 2.76 yen/baht, and 12.68 won/yen

(Cash Flows from Operating Activities)

The increase in funds from operating activities was 8,509 million yen, primarily due to the income before income taxes, and cash dividend from affiliated companies in U.S with equity method applied.

(Cash Flows from Investing Activities)

The decrease in funds from investing activities was 34,415 million yen, primarily due to payments into time deposits and purchase of stocks of subsidiaries and affiliates.

(Cash Flows from Financing Activities)

The decrease in funds from financing activities was 3,632 million yen, due to payment of dividend and repayment of purchase of treasury stock.

With the addition of a (7,767) million yen, in effect of exchange rate changes on cash and cash equivalents, the balance of cash and cash equivalents at the end of the current consolidated fiscal year was 53,372 million yen, which is a decrease of 37,305 million yen in comparison with the end of the previous year.

(3) Basic Policy Regarding Profit Allocation and Dividends for the Current and Next Fiscal Year

We believe that the dividend shall be determined in view of the Group's consolidated performance, financial situation, and development of future policies based on internal reserves. Moreover, from the standpoint of medium- and long-term shareholder profits, the company has already acquired and retired 25,400,000 of its own shares.

Regarding the end-of-term dividend for the current fiscal year, despite the tough business environment, we would like to pay 15 yen per share in response to the constant support from our shareholders. Please note that the planned annual dividend is 30 yen per share, which includes interim dividend of 15 yen.

Also, Regarding the dividend for the next fiscal year, taking into consideration the prediction that there will be no major recovery in demand for the next fiscal year stated in the "Future Outlook", the plan is for an annual dividend of 30 yen per share, with interim dividend of 15 yen per share, and the end-of-term dividend of 15 yen per share.

(4) Business Risks

Following is a description of the main items we consider to be possible risk factors involved in developing the Group's business. Items relating to the future reflect our company's judgment based on data as of today.

① Latent Risks in Doing Business Overseas

The Group's manufacturing and sales activities are not only in Japan, but also in the U.S., Thailand, South Korea, and the steel plant is being constructed through a joint company in Bahrain in the Middle East, as we are developing a global business targeting the world market.

When entering overseas markets, there is a possibility that terrorism, war, and other factors could arise in various countries, causing social unrest, and having a huge impact on a company's results and financial standing. Moreover, problems in conducting business could also arise such as unpredictable changes in the political or legal environment, or changes in the economic environment in various countries.

② Exchange Rate Fluctuations

The Group is developing global operations which target world markets, thus the performance of subsidiaries greatly affects consolidated business results. Since figures in the consolidated financial statements are converted to yen from the local currencies, the financial standing can be affected by the exchange rate. Also, foreign currency holdings make up a high percentage of the Group's cash and savings. Generally, appreciation of the yen will have a negative influence on our company, and on the contrary, depreciation of yen will have a positive influence.

③ **Fluctuations in Sales Prices and Scrap Prices**

The performance of the Group's vital steel business is greatly affected by fluctuations in sales prices of products and the scrap prices, the primary raw material. These market prices can be greatly affected by the external environment, and first and foremost, the domestic and foreign economic situation.

2. Management Policy

(1) Basic Business Policy

We have served as a responsible member of the business community and strive to manufacture high quality and high value added products based on customer needs. We utilize scrap steel to make final products in order to respond to global needs to conserve energy and resources, and we are striving on a global scale to meet the challenge of environmental protection, which is the most pressing task of modern society. We make products that enable high-speed and high-volume rail and ocean transportation. With all of its products, the Group contributes to the betterment of society and the economy, through the development of its domestic and global business enterprises.

(2) Our Target Business Indicator

We have been promoting the decentralization of investments by primarily investing in overseas business, so as to achieve a management environment capable of responding to dramatic changes in the structure of the global economy, and to avoid a unipolar approach to conducting business. We will conduct our business with an emphasis on cash flow, aiming to invest in future growth fields, while maintaining a sound financial standing.

(3) Medium- and Long-term Corporate Business Strategy, and Challenges Facing the Company

In the business areas in which the Group deals, we anticipate increasingly vigorous competition with both foreign and domestic manufacturers in the future. Under such tough business environment, we will aim to improve productivity and reduce costs by renewing and expanding manufacturing facilities at our operations in Japan and overseas, so as to achieve greater profitability as a manufacturing group. Furthermore, we are holding technical conferences among the five steel manufacturing companies in our group, exchanging information and striving to raise the level of our technology.

In addition, on the basis of its structure as a holding company, the Group will look at how it can contribute to society from a variety of standpoints. The Group will maximize the unique qualities and functions of each company under its umbrella, and will promote an active and harmonious group business, as it develops its operations to target the global market.

Our Company established the United Steel Company (“Sulb”) BSC (c) (referred to hereinafter as “SULB”) in Bahrain in the Middle East, as a joint venture with capital participation of 49% from our Company. SULB will produce formed steel, primarily focusing on the wide flange beams. The total cost of this operation will be about 1 billion dollars, and we are moving ahead with construction to integrate direct reduction iron production, steel making and rolling (scheduled to start in the second half of 2012). Construction stage moves from pile driving and foundation work, to foundation work and building construction.

**YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA**

In Japanese Yen

(In millions of Japanese Yen)

FOR THE YEAR	Years ended March 31,				
	2011	2010	2009	2008	2007
Net sales	¥134,636	¥124,433	¥208,006	¥166,513	¥110,729
Ordinary income	10,217	19,136	56,489	56,899	43,440
Net income	6,604	10,538	36,137	32,909	26,696
Per share (unit:Yen)	96.31	152.49	520.06	470.04	378.50
AT YEAR-END					
Net assets	185,104	196,579	183,430	192,666	171,649
Total assets	230,388	243,071	234,187	251,510	214,811

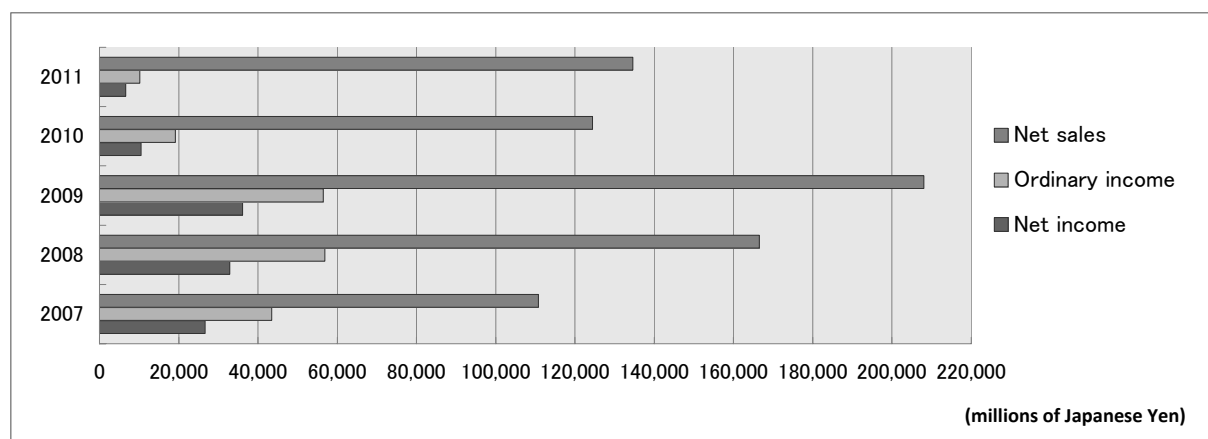
In U.S. Dollars for Convenience Purposes (Note 1)

(In thousands of U.S. Dollars)

FOR THE YEAR	Years ended March 31,				
	2011	2010	2009	2008	2007
Net sales	\$1,619,205	\$1,496,499	\$2,501,580	\$2,002,565	\$1,331,688
Ordinary income	122,879	230,144	679,364	684,300	522,434
Net income	79,425	126,741	434,609	395,788	321,062
Per share (unit:\$)	1.16	1.83	6.25	5.65	4.55
AT YEAR-END					
Net assets	2,226,156	2,364,157	2,206,022	2,317,095	2,064,330
Total assets	2,770,753	2,923,288	2,816,444	3,024,783	2,583,422

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥83.15 = \$1 as of March 31, 2011.
2. All figures are prepared under accounting principles generally accepted in Japan.
3. All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars.



YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2011 and 2010

In Japanese Yen

	(In millions of Japanese Yen)			(In millions of Japanese Yen)	
	2011	2010		2011	2010
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	¥71,111	¥91,785	Notes and accounts payable-trade	¥12,582	¥12,035
Notes and accounts receivable-trade	23,684	25,558	Short-term loans payable	796	469
Merchandise and finished goods	10,502	6,558	Income taxes payable	546	653
Work in process	476	475	Provision for bonuses	390	397
Raw materials and supplies	14,241	13,498	Other	8,729	9,180
Other	1,551	3,004	Total current liabilities	23,045	22,735
Allowance for doubtful accounts	(14)	(68)	Noncurrent liabilities		
Total current assets	121,553	140,812	Long-term loans payable	9,274	10,294
Noncurrent assets			Deferred tax liabilities	9,244	9,687
Property, plant and equipment			Provision for retirement benefits	1,929	1,966
Buildings and structures, net	15,354	15,472	Provision for directors' retirement benefits	1,238	1,154
Machinery, equipment and vehicles, net	29,873	32,191	Other	551	653
Land	13,472	14,218	Total noncurrent liabilities	22,237	23,756
Construction in progress	349	1,201	Total liabilities	45,283	46,491
Other, net	256	200	Net assets		
Total property, plant and equipment	59,306	63,284	Shareholders' equity		
Intangible assets			Capital stock	7,996	7,996
Goodwill	3,057	3,416	Capital surplus	-	1,029
Other	382	350	Retained earnings	212,125	209,318
Total intangible assets	3,439	3,767	Treasury stock	(918)	(2,244)
Investments and other assets			Total shareholders' equity	219,204	216,100
Investments securities	21,131	9,489	Accumulated other comprehensive income		
Investments in capital	22,525	23,378	Valuation difference on available-for-sale securities	1,917	2,263
Other	2,555	2,482	Foreign currency translation adjustment	(44,558)	(30,040)
Allowance for doubtful accounts	(124)	(141)	Total accumulated other comprehensive income	(42,640)	(27,777)
Total investments and other assets	46,088	35,207	Minority interests	8,541	8,256
Total noncurrent assets	108,834	102,259	Total net assets	185,104	196,579
Total assets	¥230,388	¥243,071	Total liabilities and net assets	¥230,388	¥243,071

In U.S. Dollars for Convenience Purposes (Note 1)

	(In thousands of U.S. Dollars)			(In thousands of U.S. Dollars)	
	2011	2010		2011	2010
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	\$855,217	\$1,103,857	Notes and accounts payable-trade	\$151,326	\$144,738
Notes and accounts receivable-trade	284,839	307,379	Short-term loans payable	9,579	5,642
Merchandise and finished goods	126,307	78,879	Income taxes payable	6,576	7,861
Work in process	5,725	5,713	Provision for bonuses	4,698	4,775
Raw materials and supplies	171,278	162,336	Other	104,979	110,404
Other	18,662	36,131	Total current liabilities	277,160	273,422
Allowance for doubtful accounts	(171)	(825)	Noncurrent liabilities		
Total current assets	1,461,859	1,693,473	Long-term loans payable	111,539	123,809
Noncurrent assets			Deferred tax liabilities	111,176	116,508
Property, plant and equipment			Provision for retirement benefits	23,200	23,645
Buildings and structures, net	184,659	186,084	Provision for directors' retirement benefits	14,891	13,882
Machinery, equipment and vehicles, net	359,270	387,150	Other	6,628	7,861
Land	162,027	170,994	Total noncurrent liabilities	267,436	285,708
Construction in progress	4,201	14,452	Total liabilities	544,596	559,131
Other, net	3,085	2,405	Net assets		
Total property, plant and equipment	713,245	761,087	Shareholders' equity		
Intangible assets			Capital stock	96,171	96,171
Goodwill	36,767	41,092	Capital surplus	-	12,381
Other	4,600	4,214	Retained earnings	2,551,117	2,517,359
Total intangible assets	41,367	45,307	Treasury stock	(11,040)	(26,987)
Investments and other assets			Total shareholders' equity	2,636,249	2,598,925
Investments securities	254,141	114,119	Accumulated other comprehensive income		
Investments in capital	270,905	281,155	Valuation difference on available-for-sale securities	23,063	27,221
Other	30,733	29,851	Foreign currency translation adjustment	(535,882)	(361,281)
Allowance for doubtful accounts	(1,499)	(1,705)	Total accumulated other comprehensive income	(512,818)	(334,059)
Total investments and other assets	554,281	423,420	Minority interests	102,726	99,292
Total noncurrent assets	1,308,893	1,229,815	Total net assets	2,226,156	2,364,157
Total assets	\$2,770,753	\$2,923,288	Total liabilities and net assets	\$2,770,753	\$2,923,288

Notes:

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- All figures are prepared under accounting principles generally accepted in Japan.
- All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended March 31, 2011 and 2010

In Japanese Yen

(In millions of Japanese Yen)

	<u>Mar-11</u>	<u>Mar-10</u>
Net sales	¥134,636	¥124,433
Cost of sales	122,402	103,739
Selling, general and administrative expenses	9,904	9,230
Operating income	2,330	11,463
Non-operating income	9,633	8,875
Non-operating expenses	1,746	1,203
Ordinary income	10,217	19,136
Extraordinary income	241	22
Extraordinary loss	296	56
Income before income taxes	10,162	19,102
Income taxes		
Income taxes-current	3,252	4,931
Income taxes-deferred	(6)	1,951
Total income taxes	3,246	6,882
Income before minority interests	6,916	-
Minority interests in income	312	1,681
Net income	¥6,604	¥10,538

In U.S. Dollars for Convenience Purposes (Note 1)

(In thousands of U.S. Dollars)

	<u>Mar-11</u>	<u>Mar-10</u>
Net sales	\$1,619,205	\$1,496,499
Cost of sales	1,472,071	1,247,615
Selling, general and administrative expenses	119,112	111,014
Operating income	28,021	137,869
Non-operating income	115,862	106,743
Non-operating expenses	21,004	14,468
Ordinary income	122,879	230,144
Extraordinary income	2,909	276
Extraordinary loss	3,565	682
Income before income taxes	122,224	229,738
Income taxes		
Income taxes-current	39,120	59,304
Income taxes-deferred	(73)	23,466
Total income taxes	39,046	82,770
Income before minority interests	83,177	-
Minority interests in income	3,752	20,226
Net income	\$79,425	\$126,741

Notes:

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2. All figures are prepared under accounting principles generally accepted in Japan.
3. All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended March 31, 2011

In Japanese Yen

(In millions of Japanese Yen)

	Mar-11	Mar-10
Income before minority interests	¥6,916	-
Other comprehensive income		
Valuation difference on available-for-sale securities	(344)	-
Foreign currency translation adjustment	(14,710)	-
Total other comprehensive income	(15,055)	-
Comprehensive income	(¥8,139)	-
(Breakdown)		
Comprehensive income attributable to owners of the parent	(8,259)	-
Comprehensive income attributable to minority interests	120	-

In U.S. Dollars for Convenience Purposes (Note 1)

(In thousands of U.S. Dollars)

	Mar-11	Mar-10
Income before minority interests	\$83,177	-
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,143)	-
Foreign currency translation adjustment	(176,918)	-
Total other comprehensive income	(181,061)	-
Comprehensive income	(\$97,884)	-
(Breakdown)		
Comprehensive income attributable to owners of the parent	(99,334)	-
Comprehensive income attributable to minority interests	1,449	-

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥83.15 = \$1 as of March 31, 2011.

2. All figures are prepared under accounting principles generally accepted in Japan.

3. All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Year Ended March 31, 2011

In Japanese Yen

(In millions of Japanese Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	¥7,996	¥1,029	¥209,318	(¥2,244)	¥216,100
Changes of items during the period					
Dividends from surplus			(2,352)		(2,352)
Net income			6,604		6,604
Purchase of treasury stock		(106)		(902)	(1,008)
Retirement of treasury stock		(923)	(1,444)	2,368	-
Purchase of shares of consolidated subsidiaries				(139)	(139)
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	(1,029)	2,806	1,326	3,103
Balance at March 31, 2011	¥7,996	-	¥212,125	(¥918)	¥219,204

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at March 31, 2010	¥2,263	(¥30,040)	(¥27,777)	¥8,256	¥196,579
Changes of items during the period					
Dividends from surplus			-		(2,352)
Net income			-		6,604
Purchase of treasury stock			-		(1,008)
Retirement of treasury stock			-		-
Purchase of shares of consolidated subsidiaries			-	71	(68)
Net changes of items other than shareholders' equity	(345)	(14,518)	(14,863)	214	(14,649)
Total changes of items during the period	(345)	(14,518)	(14,863)	285	(11,474)
Balance at March 31, 2011	¥1,917	(¥44,558)	(¥42,640)	¥8,541	¥185,104

In U.S. Dollars for Convenience Purposes (Note 1)

(In thousands of U.S. Dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	\$96,171	\$12,381	\$2,517,359	(\$26,987)	\$2,598,925
Changes of items during the period					
Dividends from surplus			(28,290)		(28,290)
Net income			79,425		79,425
Purchase of treasury stock		(1,275)		(10,856)	(12,132)
Retirement of treasury stock		(11,105)	(17,376)	28,482	-
Purchase of shares of consolidated subsidiaries				(1,678)	(1,678)
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	(12,381)	33,758	15,947	37,324
Balance at March 31, 2011	\$96,171	-	\$2,551,117	(\$11,040)	\$2,636,249

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at March 31, 2010	\$27,221	(\$361,281)	(\$334,059)	\$99,292	\$2,364,157
Changes of items during the period					
Dividends from surplus			-		(28,290)
Net income			-		79,425
Purchase of treasury stock			-		(12,132)
Retirement of treasury stock			-		-
Purchase of shares of consolidated subsidiaries			-	859	(818)
Net changes of items other than shareholders' equity	(4,158)	(174,600)	(178,759)	2,574	(176,184)
Total changes of items during the period	(4,158)	(174,600)	(178,759)	3,434	(138,000)
Balance at March 31, 2011	\$23,063	(\$535,882)	(\$512,818)	\$102,726	\$2,226,156

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥83.15 = \$1 as of March 31, 2011.
2. All figures are prepared under accounting principles generally accepted in Japan.
3. All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Year Ended March 31, 2011

I Cash flows from operating activities	In millions of Japanese Yen	In thousands of U.S. Dollars (Note1)
Income before income taxes	¥10,162	\$122,224
Depreciation and amortization	5,743	69,079
Interest and dividends income	(562)	(6,759)
Interest expenses	795	9,568
Foreign exchange gains	(870)	(10,469)
Equity in earnings of affiliates	(7,478)	(89,934)
Decrease in notes and accounts receivable-trade	861	10,365
Increase in inventories	(5,404)	(64,999)
Increase in notes and accounts payable-trade	1,225	14,742
Other, net	1,018	12,252
Subtotal	5,493	66,068
Interest and dividends income received	5,966	71,750
Interest expenses paid	(736)	(8,853)
Income taxes paid	(4,050)	(48,716)
Income taxes refund	1,837	22,093
Net cash provided by operating activities	8,509	102,342
II Cash flows from investment activities		
Payments into time deposits	(21,752)	(261,600)
Proceeds from withdrawal of time deposits	3,811	45,834
Purchase of property, plant and equipment	(3,908)	(47,005)
Purchase of stocks of subsidiaries and affiliates	(13,306)	(160,027)
Other, net	739	8,895
Net cash used in investment activities	(34,415)	(413,902)
III Cash flows from financing activities		
Increase in short-term loans payable	3,937	47,359
Decrease in short-term loans payable	(3,937)	(47,359)
Repayment of long-term loans payable	(467)	(5,622)
Purchase of treasury stock	(807)	(9,708)
Cash dividends paid	(2,349)	(28,261)
Cash dividends paid to minority shareholders	(1)	(23)
Repayments of lease obligations	(5)	(67)
Net cash used in financing activities	(3,632)	(43,683)
IV Effect of exchange rate change on cash and cash equivalents	(7,767)	(93,411)
V Net decrease in cash and cash equivalents	(37,305)	(448,655)
VI Cash and cash equivalents at beginning of year	90,677	1,090,534
VII Cash and cash equivalents at end of year	¥53,372	\$641,878

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥83.15 = \$1 as of March 31, 2011.

2. All figures are prepared under accounting principles generally accepted in Japan.

3. All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars

Situation of Issue Shares

The situation of shares in this fiscal year is as outlined below.
(As of March 31, 2011)

(1) Total number of shares authorized to be issued	171,257,770
Number of shares outstanding	70,040,000
Total number of shareholders	4,181

(2) Distribution of shares (by holder)

Kind of holder	No. of persons	No. of stocks held	Ratio of stocks held
Banking facilities	40	21,724,480	31.02
Security companies	29	497,520	0.71
Other corporations	60	16,468,510	23.51
Foreign corporations	315	16,735,211	23.89
(Individual foreigners among the foreign corporations)	(2)	(2,100)	(0.00)
Individual persons and others	3,737	14,614,279	20.87
Total	4,181	70,040,000	100.00

(3) Dividends

The following table shows the dividends per share paid by Company.

2011	2010	2010	2009	2009	
Mar.	Sep.	Mar.	Sep.	Mar.	
15	15	20	20	25	(Unit : Japanese Yen)
0.18	0.18	0.24	0.24	0.30	(Unit : U.S. Dollar)

Note:

U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥83.15 = \$1 as of March 31, 2011.

Board of Directors

(As of March 31, 2011)

President	Senior Managing Director	Managing Directors	Director and Executive Advisor	Directors	Auditors
Hiroyuki Inoue	Kazumi Kajihara	Takafumi Yoshida	Shigeo Kawata	Yoshinori Toritani	Hisakazu Fukuhara
				Yoshio Morikawa	Tamaki Tsukada
		Tadashi Takahashi		Chun-Ho Lee	Hisashi Sawada

Yamato Kogyo Group MISSION



「ものづくり」企業としての誇りとフェアな経営姿勢をベースに、
鉄事業をとおして、和の精神をもって、
グローバルな事業展開により、新たな価値を創造し、
豊かな社会の実現に貢献します。

Generate unique value and contribute to society
through our global steel business,
based on pride in our manufacturing skill,
fair management, and a spirit of Harmony.



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