

ANNUAL REPORT 2015

MARCH 31, 2015

YAMATO KOGYO CO., LTD.

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 seventy 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 -

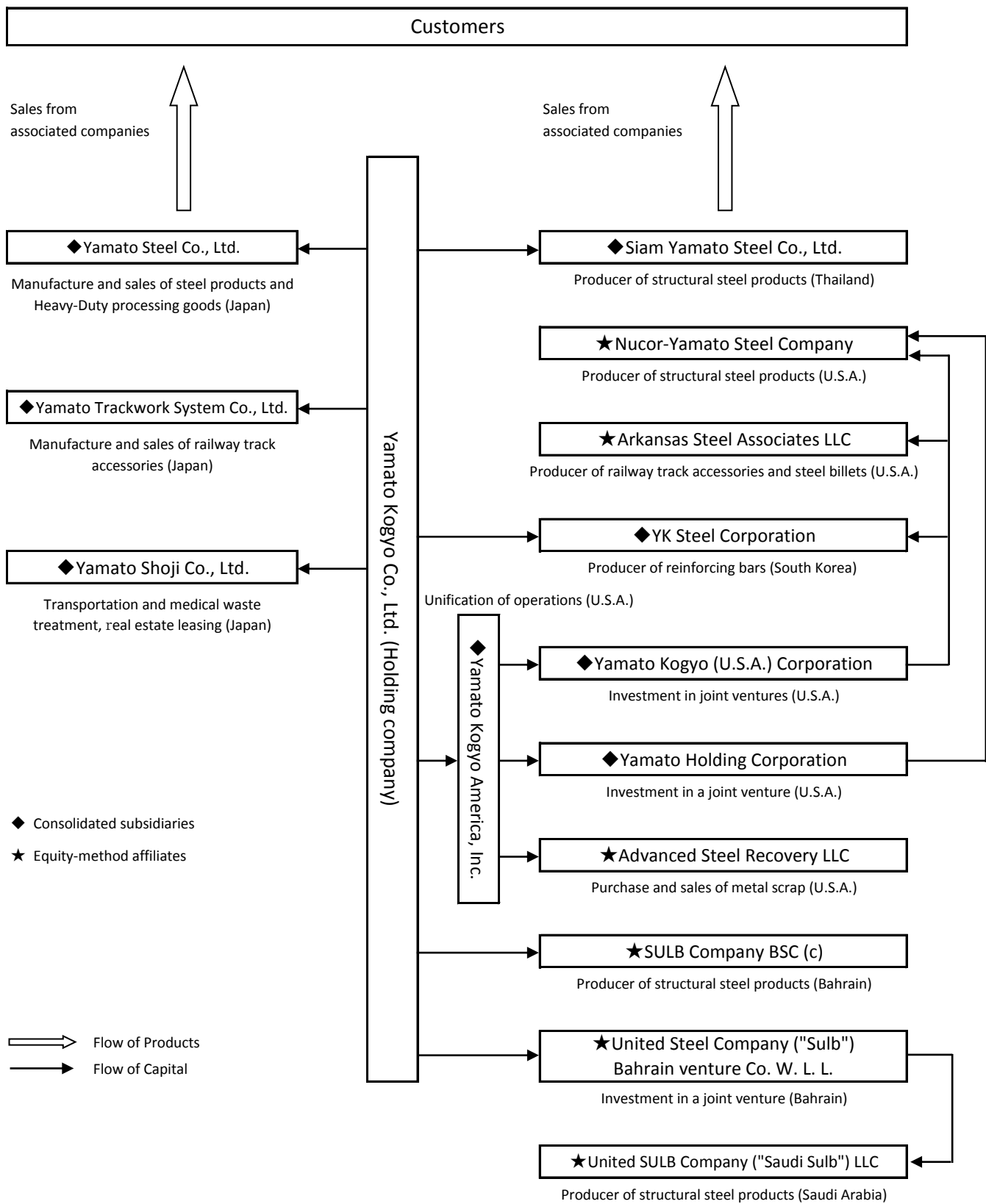
- It's a stream of water that moves on its own initiative, and thus makes others move.
- It's a stream of water that never stops, always seeking its course.
- It's a stream of water that dashes against an obstacle it meets, gaining a power a hundred times as great as that which it originally had.
- It's 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.

Contents

Group Vision	1
Corporate Structure and Affiliates	2
Operating Results for The Fiscal Year Ended March 31, 2015	3
Five-Year Summary of Selected Financial Data	9
Consolidated Balance Sheets	10
Consolidated Statements of Income	11
Consolidated Statements of Comprehensive Income	12
Consolidated Statements of Changes in Net Assets	13
Consolidated Statements of Cash Flows	14
Situation of Issue Shares	15
Board of Directors	15

Corporate Structure and Affiliates

As of March 31, 2015



* We have stakes in 2 non-consolidated subsidiary not accounted for by the equity method and 3 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, 2015

1. Business Performance and Financial Status

(1) Business Performance

① Status During the Current Fiscal Year

The business environment that surrounded our group in the current consolidated fiscal year varied from country to country where our group is engaged in business activities.

In the Japanese market there was no notable increase in demand for steel products and we made efforts to adjust our production and sales to the real demand that existed. As a result of the above adjustment, the operating income increased in comparison with previous year though the sales quantities of steel products were smaller than a previous year. Sales of stern frames and other products for shipbuilders continued to be sluggish in terms of both quantity and price.

In South Korea and Thailand, where we have consolidated subsidiaries, and in the United States, the Kingdom of Bahrain and the Kingdom of Saudi Arabia, where we have affiliated companies with equity method applied, the business performance for January through December of 2014 is reflected in the current consolidated fiscal year.

YK Steel Corporation in South Korea had the operating loss as it did in the previous year because of continuing sluggish demand from the construction sector and sagging reinforcing steel prices despite certain positive effects of the plant and equipment upgrade in 2012. Thailand's Siam Yamato Steel Co., Ltd. decreased the operating income in comparison with the previous year because of the effect of deteriorated international market conditions due to the inflow into Southeast Asian markets of low-priced finished and semi-finished steel products from China in addition to lackluster domestic construction investments.

As with the United States, where we have affiliated companies with equity method applied, we secured stable revenues.

Sulb Company BSC(c), that is located in the Kingdom of Bahrain and was accounted for under the equity method, continued to enjoy stable operations with the experience of one and a half years after its commencement of commercial production at the end of July 2013. While the company began to see some positive effects of the sales expansion efforts made jointly by its production and sales departments amid intense sales competition, toward the year-end its business was increasingly affected by a wait-and-see buying attitude prevalent among customers due to falling oil prices and price discounts prompted by steel products imported from China and elsewhere.

Equity method earning is affected by depreciation of yen, positively.

As a result of the above, sales for the current consolidated fiscal year were 187,451 million yen (a decrease of 6,179 million yen in comparison with the previous year), operating income was 6,993 million yen (a decrease of 1,512 million yen in comparison with the previous year), ordinary income was 22,663 million yen (an increase of 2,971 million yen in comparison with the previous year), and the net income for the current fiscal year was 13,377 million yen (an increase of 3,845 million yen in comparison with the previous year).

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 2014)

106.45 yen/U.S. dollar, 3.27 yen/baht, and 9.89 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 2013)

97.99 yen/U.S. dollar, 3.18 yen/baht, and 11.18 won/yen

We report the business results of the segment as follows:

● Steel (Japan)

In the Japanese market there was no notable increase in demand for steel products and we made efforts to adjust our production and sales to the real demand that existed. Sales of stern frames and other products for shipbuilders continued to be sluggish in terms of both quantity and price.

As a result, sales were 47,625 million yen (a decrease of 4,638 million yen in comparison with the previous year), and the operating income was 4,848 million yen (an increase of 1,593 million yen in comparison with the previous year).

● Steel (South Korea)

Because of continuing sluggish demand from the construction sector and sagging reinforcing steel prices, sales were 55,285 million yen (a decrease of 1,817 million yen in comparison with the previous year), the operating loss was 3,695 million yen (the operating loss of 3,549 million yen was posted during the previous year).

● Steel (Thailand)

Because of the effect of deteriorated international market conditions due to the inflow into Southeast Asian markets of low-priced finished and semi-finished steel products from China, sales were 77,706 million yen (an increase of 57 million yen in comparison with the previous year). The operating income was 6,339 million yen (a decrease of 2,963 million yen in comparison with the previous year).

● Railway Track Accessories

Sales were 6,573 million yen (an increase of 227 million yen in comparison with the previous year), and the operating income was 979 million yen (a decrease of 7 million yen in comparison with the previous year).

● Other Business Sectors

Other sales were 261 million yen, (a decrease of 8 million yen in comparison with the previous year) and the operating loss was 42 million yen (the operating income of 18 million yen was posted during the previous year).

② Future Outlook

China's exports of low-priced finished and semi-finished steel products are causing a slump in the global steel market. Our group is expected to continue to be affected by such a slumping market as the group is engaged in business on a global basis. The falling oil price will serve to reduce the cost of our steel products, but it will also negatively affect demand for steel products in the Middle East.

We will work to make YK Steel Corporation in South Korea more cost-competitive by discontinuing production at its plant No.1 and concentrating all production in its plant No.2 that has recently upgraded plant and equipment.

As a result of the above, the forecast for the entire fiscal year is as follows: Sales of 155,000 million yen, operating income of 6,500 million yen, ordinary income of 19,000 million yen, and net income of 10,500 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, 2015. The rates are as follows:

Average rate: 116.07 yen/U.S. dollar, 3.57 yen/baht, and 8.83 won/yen

Current rate: 115.00 yen/U.S. dollar, 3.54 yen/baht, and 8.70 won/yen

(2) Analysis of Financial Status

Total assets at the end of the current consolidated fiscal year were 351,952 million yen, an increase of 41,715 million yen in comparison with the end of the previous consolidated fiscal year. This was due to increase in the assets for our foreign subsidiaries due to fluctuations in exchange rates.

Liabilities were 47,329 million yen, a decrease of 3,224 million yen in comparison with the end of the previous consolidated fiscal year. This was due to decrease in notes and accounts payable - trade.

Also, net assets were 304,622 million yen, an increase of 44,940 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 an increase of 29,300 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 2014)
120.53 yen/U.S. dollar, 3.65 yen/baht, and 9.12 won/yen

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

(The end of fiscal year for each overseas company is end of December 2013)
105.40 yen/U.S. dollar, 3.21 yen/baht, and 10.01 won/yen

(Cash Flows from Operating Activities)

The increase in funds from operating activities was 22,744 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 21,376 million yen, primarily due to payments into time deposits and purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

The decrease in funds from financing activities was 4,517 million yen, due to payment of dividend and repayment of long-term loans payable.

With the addition of 448 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 12,783 million yen, which is a decrease of 2,701 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 25,690,000 of its own shares.

Regarding the end-of-term dividend for the current fiscal year, taking into the consideration the latest result, we would like to pay 20 yen per share in response to the constant support from our shareholders (latest forecast was 17 yen per share). Please note that the planned annual dividend is 37 yen per share, which includes interim dividend of 17 yen.

For the next period, being conscious of stable dividend payments we expect to pay an interim dividend of 20 yen and a year-end dividend of 20 yen per share, respectively, for an annual dividend of 40 yen per share (increase of 3 yen per share in comparison with the previous year). Together with improving employee wages, by these redistribution to all stakeholders, we join (although small) the vitalization of the economy.

(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, Kingdom of Bahrain, Kingdom of Saudi Arabia, 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.

Our group's comprehensive income and net assets are substantially affected by a decrease or increase in our foreign currency translation adjustment account resulting from changes in foreign exchange rates. It should be noted, however, that the account is kept for the sole purpose of reporting consolidated financial statements including our overseas subsidiaries and affiliates. It does not affect our business performance itself in any manner. As we intend to continue business activities in overseas markets in future years, it is our policy that we do not have the foreign exchange translation account hedged against fluctuations in foreign exchange rates.

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.

China's high-level exports of finished and semi-finished steel products are causing a slump in the global steel

product market, substantially affecting our group's business across the world. We will carefully keep watching how China will continue to supply steel products in the months to come.

④ Electrical Power Risks

Since our Company's Group is an electric furnace maker which operates on a global scale and utilizes large amounts of electrical power, the Company's performance could be negatively impacted if there are steep unit price increases in electrical power and if restrictions are imposed on electrical power consumption.

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 a 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 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.

(4) Our basic idea about selecting accounting standards

Taking into consideration the comparability of consolidated financial statements on a year-to-year and company-to-company basis, for the time being our group will prepare consolidated financial statements in accordance with the Japanese accounting standards.

Relating to IFRS we will appropriately address the issue of their adoption in consideration of the situation that will prevail both at home and abroad in the future.

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

In Japanese Yen

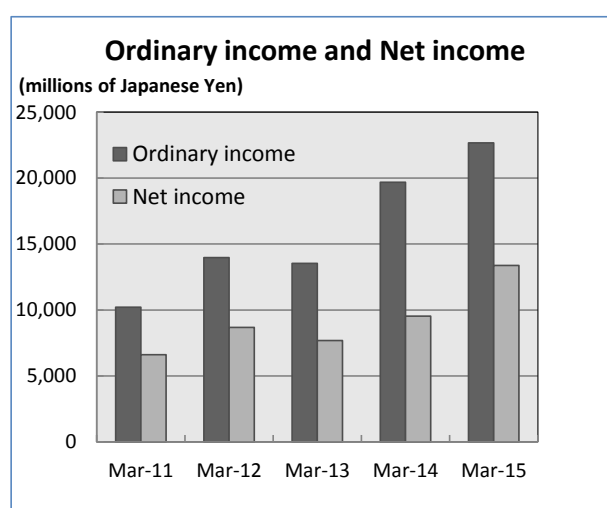
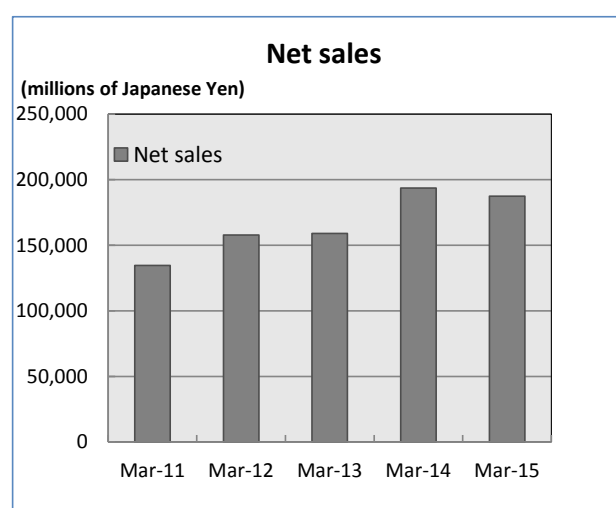
(In millions of Japanese Yen)
Years ended March 31

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
FOR THE YEAR					
Net sales	¥134,636	¥157,902	¥158,923	¥193,630	¥187,451
Ordinary income	10,217	13,978	13,531	19,691	22,663
Net income	6,604	8,688	7,681	9,532	13,377
Per share (unit:Yen)	96.31	127.79	112.82	139.79	196.40
AT YEAR END					
Net assets	185,104	183,521	211,949	259,682	304,622
Total assets	230,388	230,340	256,006	310,236	351,952

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

(In thousands of U.S. Dollars)
Years ended March 31

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
FOR THE YEAR					
Net sales	\$1,119,455	\$1,312,898	\$1,321,392	\$1,609,968	\$1,558,586
Ordinary income	84,954	116,228	112,507	163,728	188,437
Net income	54,911	72,240	63,869	79,256	111,231
Per share (unit:\$)	0.80	1.06	0.94	1.16	1.63
AT YEAR END					
Net assets	1,539,078	1,525,911	1,762,283	2,159,159	2,532,820
Total assets	1,915,591	1,915,193	2,128,598	2,579,499	2,926,351



Notes:

- U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 120.27 = \$1 as of March 31, 2015.
- 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 BALANCE SHEETS
March 31, 2015 and 2014

In Japanese Yen

(In millions of Japanese Yen)

	Mar-15	Mar-14		Mar-15	Mar-14
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	¥96,711	¥73,058	Notes and accounts payable-trade	¥14,115	¥19,887
Notes and accounts receivable-trade	27,450	34,917	Short-term loans payable	2,117	1,797
Merchandise and finished goods	16,509	15,949	Accounts payable-other	4,643	4,099
Work in process	401	457	Accrued expenses	3,976	3,450
Raw materials and supplies	20,770	19,413	Income taxes payable	1,545	1,583
Other	3,068	3,334	Provision for bonuses	491	437
Allowance for doubtful accounts	(15)	(18)	Other	2,074	804
Total current assets	164,896	147,114	Total current liabilities	28,965	32,061
Noncurrent assets			Noncurrent liabilities		
Property, plant and equipment			Long-term loans payable	1,825	3,466
Buildings and structures, net	15,558	15,151	Deferred tax liabilities	11,920	10,755
Machinery, equipment and vehicles, net	33,132	32,323	Provision for directors' retirement benefits	1,528	1,426
Land	17,741	16,535	Net defined benefit liability	2,969	2,649
Construction in progress	1,930	565	Other	121	194
Other, net	300	296	Total noncurrent liabilities	18,364	18,492
Total property, plant and equipment	68,662	64,872	Total liabilities	47,329	50,554
Intangible assets			Net assets		
Goodwill	1,618	1,978	Shareholders' equity		
Other	400	352	Capital stock	7,996	7,996
Total intangible assets	2,018	2,330	Capital surplus	92	341
Investments and other assets			Retained earnings	242,556	231,428
Investments securities	54,229	47,240	Treasury stocks	(719)	(588)
Investments in capital	45,297	35,432	Total shareholders' equity	249,925	239,177
Long-term loans receivable from subsidiaries and associates	1,691	214	Accumulated other comprehensive income		
Long-term time deposits	12,074	10,540	Valuation difference on available-for-sale securities	4,192	3,408
Net defined benefit asset	2,535	2,089	Foreign currency translation adjustment	30,228	928
Other	746	630	Remeasurements of defined benefit plans	386	180
Allowance for doubtful accounts	(200)	(228)	Total accumulated other comprehensive income	34,807	4,517
Total investments and other assets	116,374	95,919	Minority interests	19,888	15,987
Total noncurrent assets	187,055	163,122	Total net assets	304,622	259,682
Total assets	¥351,952	¥310,236	Total liabilities and net assets	¥351,952	¥310,236

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

(In thousands of U.S. Dollars)

	Mar-15	Mar-14		Mar-15	Mar-14
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	\$804,116	\$607,457	Notes and accounts payable-trade	\$117,369	\$165,357
Notes and accounts receivable-trade	228,240	290,323	Short-term loans payable	17,602	14,946
Merchandise and finished goods	137,273	132,614	Accounts payable-other	38,611	34,088
Work in process	3,336	3,807	Accrued expenses	33,063	28,693
Raw materials and supplies	172,697	161,418	Income taxes payable	12,850	13,168
Other	25,513	27,729	Provision for bonuses	4,088	3,636
Allowance for doubtful accounts	(126)	(151)	Other	17,251	6,691
Total current assets	1,371,052	1,223,200	Total current liabilities	240,836	266,582
Noncurrent assets			Noncurrent liabilities		
Property, plant and equipment			Long-term loans payable	15,174	28,825
Buildings and structures, net	129,363	125,982	Deferred tax liabilities	99,112	89,430
Machinery, equipment and vehicles, net	275,480	268,755	Provision for directors' retirement benefits	12,707	11,857
Land	147,512	137,483	Net defined benefit liability	24,691	22,025
Construction in progress	16,048	4,704	Other	1,008	1,619
Other, net	2,494	2,462	Total noncurrent liabilities	152,694	153,758
Total property, plant and equipment	570,899	539,388	Total liabilities	393,530	420,340
Intangible assets			Net assets		
Goodwill	13,457	16,447	Shareholders' equity		
Other	3,329	2,931	Capital stock	66,489	66,489
Total intangible assets	16,786	19,379	Capital surplus	767	2,837
Investments and other assets			Retained earnings	2,016,764	1,924,240
Investments securities	450,896	392,790	Treasury stocks	(5,984)	(4,896)
Investments in capital	376,628	294,610	Total shareholders' equity	2,078,036	1,988,670
Long-term loans receivable from subsidiaries and associates	14,066	1,780	Accumulated other comprehensive income		
Long-term time deposits	100,391	87,636	Valuation difference on available-for-sale securities	34,861	28,340
Net defined benefit asset	21,084	17,370	Foreign currency translation adjustment	251,338	7,719
Other	6,207	5,239	Remeasurements of defined benefit plans	3,214	1,500
Allowance for doubtful accounts	(1,663)	(1,897)	Total accumulated other comprehensive income	289,415	37,560
Total investments and other assets	967,613	797,530	Minority interests	165,369	132,927
Total noncurrent assets	1,555,299	1,356,299	Total net assets	2,532,820	2,159,159
Total assets	\$2,926,351	\$2,579,499	Total liabilities and net assets	\$2,926,351	\$2,579,499

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥120.27 = \$1 as of March 31, 2015.
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 INCOME
Years Ended March 31, 2015 and 2014

In Japanese Yen

(In millions of Japanese Yen)

	Mar-15	Mar-14
Net sales	¥187,451	¥193,630
Cost of sales	167,251	172,195
Selling, general and administrative expenses	13,205	12,928
Operating income	6,993	8,506
Non-operating income	16,664	12,160
Non-operating expenses	994	975
Ordinary income	22,663	19,691
Extraordinary income	169	10
Extraordinary loss	88	367
Income before income taxes	22,744	19,334
Income taxes		
Income taxes-current	7,189	6,752
Income taxes-deferred	400	239
Total income taxes	7,589	6,992
Income before minority interests	15,154	12,342
Minority interests in income	1,777	2,809
Net income	¥13,377	¥9,532

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

(In thousands of U.S. Dollars)

	Mar-15	Mar-14
Net sales	\$1,558,586	\$1,609,968
Cost of sales	1,390,637	1,431,741
Selling, general and administrative expenses	109,799	107,498
Operating income	58,150	70,728
Non-operating income	138,558	101,113
Non-operating expenses	8,271	8,113
Ordinary income	188,437	163,728
Extraordinary income	1,407	83
Extraordinary loss	731	3,055
Income before income taxes	189,113	160,757
Income taxes		
Income taxes-current	59,775	56,145
Income taxes-deferred	3,331	1,991
Total income taxes	63,107	58,137
Income before minority interests	126,006	102,620
Minority interests in income	14,775	23,364
Net income	\$111,231	\$79,256

Notes:

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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, 2015 and 2014**

In Japanese Yen

(In millions of Japanese Yen)

	Mar-15	Mar-14
Income before minority interests	¥12,342	¥15,154
Other comprehensive income		
Valuation difference on available-for-sale securities	882	787
Foreign currency translation adjustment	23,287	20,455
Remeasurements of defined benefit plans	–	207
Share of other comprehensive income of entities accounted for using equity method	13,047	11,239
Total other comprehensive income	37,218	32,690
Comprehensive income	¥49,560	¥47,845
(Breakdown)		
Comprehensive income attributable to owners of the parent	45,129	43,668
Comprehensive income attributable to minority interests	4,431	4,177

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

(In thousands of U.S. Dollars)

	Mar-15	Mar-14
Income before minority interests	\$102,620	\$126,006
Other comprehensive income		
Valuation difference on available-for-sale securities	7,340	6,548
Foreign currency translation adjustment	193,627	170,078
Remeasurements of defined benefit plans	–	1,729
Share of other comprehensive income of entities accounted for using equity method	108,488	93,455
Total other comprehensive income	309,456	271,810
Comprehensive income	\$412,077	\$397,817
(Breakdown)		
Comprehensive income attributable to owners of the parent	375,231	363,085
Comprehensive income attributable to minority interests	36,845	34,732

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 CHANGES IN NET ASSETS
Year Ended March 31, 2015

In Japanese Yen

(In millions of Japanese Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	¥7,996	¥341	¥231,428	(¥588)	¥239,177
Cumulative effects of changes in accounting policies			¥36		¥36
Restated balance	¥7,996	¥341	¥231,464	(¥588)	¥239,213
Changes of items during the period					
Dividends from surplus			(2,286)		(2,286)
Net income			13,377		13,377
Purchase of treasury stock		(248)		(106)	(355)
Purchase of shares of consolidated subsidiaries				(24)	(24)
Net changes of items other than shareholders' equity					
Total changes of items during the period		(248)	11,091	(130)	10,711
Balance at March 31, 2015	¥7,996	¥92	¥242,556	(¥719)	¥249,925

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2014	¥3,408	¥928	¥180	¥4,517	¥15,987	¥259,682
Cumulative effects of changes in accounting policies					¥2	¥38
Restated balance	¥3,408	¥928	¥180	¥4,517	¥15,989	¥259,720
Changes of items during the period						
Dividends from surplus						(2,286)
Net income						13,377
Purchase of treasury stock						(355)
Purchase of shares of consolidated subsidiaries					(2)	(27)
Net changes of items other than shareholders' equity	784	29,300	206	30,290	3,902	34,192
Total changes of items during the period	784	29,300	206	30,290	3,899	44,901
Balance at March 31, 2015	¥4,192	¥30,228	¥386	¥34,807	¥19,888	¥304,622

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 April 1, 2014	\$66,489	\$2,837	\$1,924,240	(\$4,896)	\$1,988,670
Cumulative effects of changes in accounting policies			\$303		\$303
Restated balance	\$66,489	\$2,837	\$1,924,544	(\$4,896)	\$1,988,974
Changes of items during the period					
Dividends from surplus			(19,011)		(19,011)
Net income			111,231		111,231
Purchase of treasury stock		(2,070)		(884)	(2,954)
Purchase of shares of consolidated subsidiaries				(203)	(203)
Net changes of items other than shareholders' equity					
Total changes of items during the period		(2,070)	92,219	(1,088)	89,061
Balance at March 31, 2015	\$66,489	\$767	\$2,016,764	(\$5,984)	\$2,078,036

	Accumulated other com				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2014	\$28,340	\$7,719	\$1,500	\$37,560	\$132,927	\$2,159,159
Cumulative effects of changes in accounting policies					\$17	\$320
Restated balance	\$28,340	\$7,719	\$1,500	\$37,560	\$132,944	\$2,159,480
Changes of items during the period						
Dividends from surplus						(19,011)
Net income						111,231
Purchase of treasury stock						(2,954)
Purchase of shares of consolidated subsidiaries					(21)	(224)
Net changes of items other than shareholders' equity	6,521	243,619	1,713	251,854	32,445	284,300
Total changes of items during the period	6,521	243,619	1,713	251,854	32,424	373,340
Balance at March 31, 2015	\$34,861	\$251,338	\$3,214	\$289,415	\$165,369	\$2,532,820

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 120.27 = \$1 as of March 31, 2015.
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, 2015

	In millions of Japanese Yen	In thousands of U.S. Dollars
		(Note1)
I . Cash flows from operating activities		
Income before income taxes	¥22,744	\$189,113
Depreciation and amortization	6,749	56,122
Interest and dividends income	(904)	(7,522)
Interest expenses	302	2,514
Equity in earnings of affiliates	(13,984)	(116,276)
Decrease in notes and accounts receivable-trade	8,968	74,572
Decrease in inventories	1,504	12,506
Decrease in notes and accounts payable-trade	(6,877)	(57,180)
Other, net	1,750	14,551
Subtotal	20,253	168,401
Interest and dividends income received	9,974	82,932
Interest expenses paid	(353)	(2,936)
Income taxes paid	(7,130)	(59,286)
Net cash used in operating activities	22,744	189,110
II . Cash flows from investment activities		
Payments into time deposits	(29,798)	(247,761)
Proceeds from withdrawal of time deposits	13,576	112,886
Purchase of property, plant and equipment	(4,051)	(33,689)
Proceeds from sales of property, plant and equipment	0	7
Purchase of investment securities	(2)	(20)
Proceeds from sales of investment securities	388	3,228
Payments of loans receivable from subsidiaries and associates	(1,361)	(11,316)
Other, net	(128)	(1,072)
Net cash used in investment activities	(21,376)	(177,738)
III . Cash flows from financing activities		
Repayment of long-term loans payable	(1,831)	(15,225)
Purchase of treasury stock	(0)	(5)
Cash dividends paid	(2,284)	(18,994)
Cash dividends paid to minority shareholders	(380)	(3,165)
Other, net	(20)	(173)
Net cash used in financing activities	(4,517)	(37,564)
IV. Effect of exchange rate change on cash and cash equivalents	448	3,731
V . Net decrease in cash and cash equivalents	(2,701)	(22,460)
VI. Cash and cash equivalents at beginning of year	15,484	128,750
VII. Cash and cash equivalents at end of year	¥12,783	\$106,289

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.

Situation of Issue Shares

The situation of shares in this fiscal year is as outlined below.
(As of March 31, 2015)

(1) Total number of shares authorized to be issued	171,257,770
Number of shares outstanding	69,750,000
Total number of shareholders	3,554

(2) Distribution of shares (by holder)

	Kind of holder	Number of shareholders	Number of shares held (unit)	Ratio of shares held (%)
Share (Number of one unit of shares :100)	Financial institutions	45	181,393	26.02
	Financial instrument dealers	36	5,890	0.84
	Other corporations	59	183,459	26.31
	Foreign corporations, etc. (Individuals)	375 (4)	180,407 (23)	25.88 (0.00)
	Japanese individuals and other	3,039	146,051	20.95
	Total	3,554	697,200	100.00
Shares less than one unit		—	300	—

(3) Dividends

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

2015	2014	2014	2013	2013	
Mar.	Sep.	Mar.	Sep.	Mar.	
20	17	17	15	15	(Unit : Japanese Yen)
0.17	0.14	0.14	0.12	0.12	(Unit : U.S. Dollar)

Note: U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥ 120.27 = \$1 as of March 31, 2015.

Board of Directors

(As of March 31, 2015)

President	Senior Managing Director	Managing Directors	Director and Executive Advisor	Directors	Auditors
Hiroyuki Inoue	Kazumi Kajihara	Takafumi Yoshida	Shigeo Kawata	Yoshinori Toritani	Hisakazu Fukuhara
		Mikio Kobayashi		Yoshio Morikawa	Tamaki Tsukada
				Damri Tunshevavong	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、
鉄事業をとおじて、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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