

SEMI-ANNUAL REPORT 2015

SEPTEMBER 30, 2015

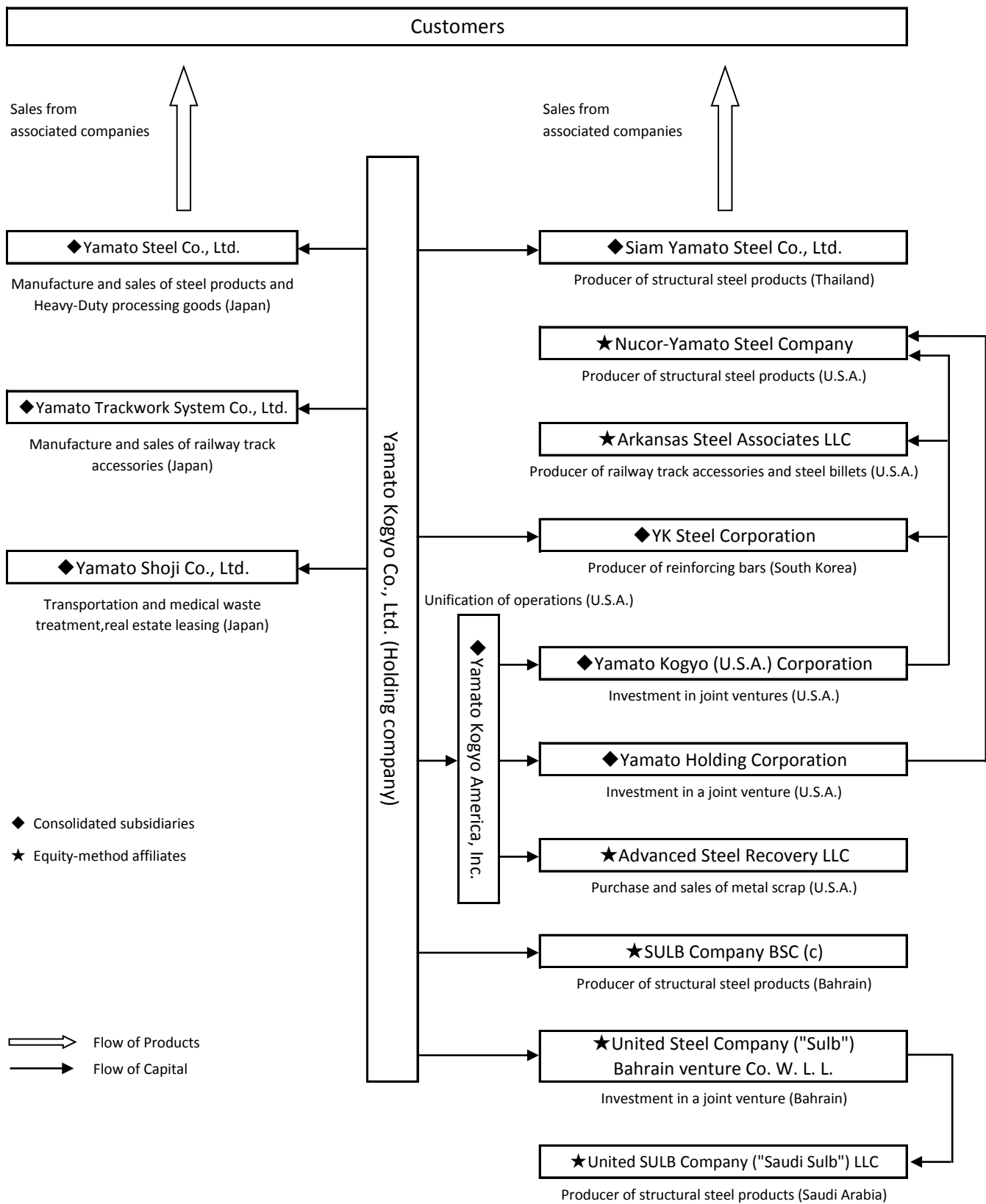
YAMATO KOGYO CO., LTD.

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Corporate Structure and Affiliates

As of September 30, 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 SIX-MONTH PERIOD
ENDED SEPTEMBER 30, 2015

1. Business Performance and Financial Status

(1) Business Performance

① Status During the Current Mid-Term Consolidated Accounting Period

The business environment for Yamato Kogyo Group (the Group) during the current mid-term consolidated accounting period remained almost unchanged from the 1st consolidated cumulative quarter.

Demand for steel products in Japan as a whole has continued to lack strong momentum as companies have delayed or forgone capital spending in circumstance where they take wait and see stance effected by slowdown of Chinese economy and prices of raw material have kept declining and other factors. Also, it has become uncertain whether demand for steel products will grow as we had expected earlier for the fiscal second half. In such circumstances, we are working to produce and sell steel products in a quantity that meets real demand. 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 between January and June of 2015 was reflected in the current mid-term accounting period.

YK Steel Corporation in South Korea has also continued to post losses for the period; however, in view of recovering demand for reinforcing bar on the back of an improvement in apartment construction in the country, the company has decided to temporarily restart in August the No. 1 rolling mill, which had been sitting idle for some time. Business conditions in South Korea now look brighter than before, although it is not certain until when the current demand for reinforcing bar will last.

On the other hand, Siam Yamato Steel Co., Ltd. in Thailand continues to see sluggish prices prevailing for steel products as the Thai economy faces a downturn symbolized by cooling consumption in slumping domestic sales of cars and other major products, which has resulted in a significant decline in factory construction. In Southeast Asian markets, Siam Yamato Steel continues to be affected by sluggish market conditions attributable to the inflow from China of low-priced finished and semi-finished steel products. Because of such situation, the company posted a substantial decrease in both revenue and profit from the year-ago period.

Our U.S. affiliates accounted for under the equity method booked a profit favorably affected partly by declining scrap prices. In addition, our U.S. subsidiaries booked refund of income taxes of 1,022 million yen (which is a tax benefit) for the second quarter due to be made by the State of Arkansas in relation to the capital investment Nucor Yamato Steel Company made for diversifying its product lineup in hot-rolled sheet piles (The investment was completed in June 2014).

SULB Company BSC (c), a company in Bahrain accounted for under the equity method, has been ready for operating at full capacity; however, the company is facing a tough time regarding both revenue and profit as its production and sales have stalled amid significantly declining selling prices in circumstances where there has been a decrease in new investments and public projects in the Middle East as the result of declining oil prices and a subsequent drop in demand for shape steel, while the inflow of low-priced finished and semi-finished steel products from China and other countries has adversely affected company's sales of not only finished products but also DRI (direct reduced iron) and semi-finished products.

As a result of the above, sales for the current mid-term consolidated accounting period were 78,299 million yen(a decrease of 17,225 million yen in comparison with the same period in the previous year), operating income was 3,795 million yen(a decrease of 1,139 million yen in comparison with the same period in the previous year), ordinary income was 11,327 million yen(an increase of 831 million yen in comparison with the same period in the previous year), and profit attributable to owners of parent was 7,177 million yen(an increase of 956 million yen in comparison with the same period in the previous year).

Please note that the exchange rates, used to convert profits and losses in financial statements of overseas subsidiaries and affiliates, are as follows:

(Each company's accounting period is from January to June, 2015)

Average rate: 120.50 yen/U.S. dollar, 3.66 yen/baht, and 9.12 won/yen

The average exchange rates for same period in the previous year are as follows:

(Each company's accounting period is from January to June, 2014)

Average rate: 102.21 yen/U.S. dollar, 3.13 yen/baht, and 10.27 won/yen

We report the business results of the segment as follows:

● **Steel (Japan)**

Demand for steel products in Japan as a whole has continued to lack strong momentum as companies have delayed or forgone capital spending in circumstance where they take wait and see stance effected by slowdown of Chinese economy and prices of raw material have kept declining and other factors. Also, it has become uncertain whether demand for steel products will grow as we had expected earlier for the fiscal second half. In such circumstances, we are working to produce and sell steel products in a quantity that meets real demand. 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 21,364 million yen (a decrease of 3,032 million yen in comparison with the same period in the previous year), the operating income was 2,866 million yen (an increase of 241 million yen in comparison with the same period in the previous year).

● **Steel (South Korea)**

The business segment has also continued to post losses for the period; however, in view of recovering demand for reinforcing bar on the back of an improvement in apartment construction in the country, the company has decided to temporarily restart in August the No. 1 rolling mill, which had been sitting idle for some time. Business conditions in South Korea now look brighter than before, although it is not certain until when the current demand for reinforcing bar will last. As a result, sales were 21,480 million yen (a decrease of 6,293 million yen in comparison with the same period in the previous year), the operating loss was 1,330 million yen (the operating loss of 1,424 million yen was posted during the same period in the previous year).

● **Steel (Thailand)**

The business segment continues to see sluggish prices prevailing for steel products as the domestic economy faces a downturn symbolized by cooling consumption in slumping domestic sales of cars and other major products, which has resulted in a significant decline in factory construction. In Southeast Asian markets, the business segment continues to be affected by sluggish market conditions attributable to the inflow from China of low-priced finished and semi-finished steel products. Because of such situation, a substantial decrease in both revenue and profit from the year-ago period were posted. As a result, sales were 32,708 million yen (a decrease of 7,034 million yen in comparison with the same period in the previous year), the operating income was 2,732 million yen (a decrease of 1,197 million yen in comparison with the same period in the previous year).

● **Railway Track Accessories**

Sales were 2,606 million yen (a decrease of 871 million yen in comparison with the same period in the previous year), and the operating income was 229 million yen (a decrease of 337 million yen in comparison with the same period in the previous year).

● **Other Business Sectors**

Other sales were 138 million yen, (an increase of 6 million yen in comparison with the same period in the previous year) and operating income was 14 million yen (the operating loss of 45 million yen was posted during the same period in the previous year).

② **Future Outlook**

There has been no change in China's exports of low-priced finished and semi-finished steel products that continue to adversely affect our group, which is engaged in global business operations, and where declines in oil prices remain as a positive factor for cost reduction while they serve at the same time as a negative factor for demand for steel products in the Middle East. We revised our previous forecast (published on July 29, 2015) reflecting improvements on the premises that had been considered, such as an earnings recovery in the South Korean subsidiary, drops in prices of raw materials, a corporate tax refund receivable by the U.S. subsidiaries and other items. For the full-year consolidated earnings, we now forecast sales of 152,000 million yen, operating income of 10,000 million yen, ordinary income of 26,000 million yen and profit attributable to owners of parent of 14,500 million yen.

Besides, our Middle East business is expected to continue to face harsh conditions and will need a considerable length of time before its revenue and profit will improve.

(2) Analysis of Financial Status

Total assets at the end of the current mid-term consolidated accounting period were 352,982 million yen, an increase of 1,029 million yen in comparison with the end of the previous consolidated fiscal year.

Liabilities were 42,088 million yen, a decrease of 5,241 million yen in comparison with the end of the previous consolidated fiscal year. This was due to decrease of notes and accounts payable-trade and long-term loans payable.

Also, net assets were 310,894 million yen, an increase of 6,271 million yen in comparison with the end of the previous consolidated fiscal year. This was due to factors such as increase in profit attributable to owners of parent, decrease by the payment of dividends and purchase of treasury shares.

In addition, we retired 1,500,000 treasury shares on June 17, 2015.

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 accounting period.

(The end of first fiscal half for each overseas company is end of June 2015)

122.48 yen/U.S. dollar, 3.64 yen/baht, and 9.18 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 2014)

120.53 yen/U.S. dollar, 3.65 yen/baht, and 9.12 won/yen

(Cash Flows from Operating Activities)

The increase in funds from operating activities was 16,945 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 increase in funds from investing activities was 80 million yen, primarily due to factors such as proceeds from withdrawal of time deposits, payments into time deposits and payments of loans receivable from subsidiaries and associates.

(Cash Flows from Financing Activities)

The decrease in funds from financing activities was 3,883 million yen, due to payment of dividend and purchase of treasury shares.

With the addition of 27 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 accounting period was 25,953 million yen, which is an increase of 13,169 million yen in comparison with the end of the previous year.

(3) Basic Policy Regarding Profit Allocation and Dividends for the Current 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.

Regarding the dividend for the current fiscal year, the plan is for an annual dividend of 40 yen per share, with interim dividend of 20 yen per share, and the end-of-term dividend of 20 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, 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.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2015 and March 31, 2015

In Japanese Yen

(In millions of Japanese Yen)

	Mar-15	Sep-15		Mar-15	Sep-15
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	¥96,711	¥94,204	Notes and accounts payable-trade	¥14,115	¥12,160
Notes and accounts receivable-trade	27,450	26,881	Short-term loans payable	2,117	2,684
Short-term investment securities	-	10,000	Income taxes payable	1,545	1,823
Merchandise and finished goods	16,509	11,543	Provision for bonuses	491	761
Work in process	401	372	Other	10,695	8,203
Raw materials and supplies	20,770	16,664	Total current liabilities	28,965	25,633
Other	3,068	3,030			
Allowance for doubtful accounts	(15)	(15)	Noncurrent liabilities		
Total current assets	164,896	162,680	Long-term loans payable	1,825	728
			Deferred tax liabilities	11,920	11,340
Noncurrent assets			Provision for directors' retirement benefits	1,528	1,355
Property, plant and equipment			Net defined benefit liability	2,969	2,955
Buildings and structures, net	15,558	15,161	Other	121	74
Machinery, equipment and vehicles, net	33,132	31,843	Total noncurrent liabilities	18,364	16,454
Land	17,741	17,685	Total liabilities	47,329	42,088
Construction in progress	1,930	1,917			
Other, net	300	267	Net assets		
Total property, plant and equipment	68,662	66,875	Shareholders' equity		
			Capital stock	7,996	7,996
Intangible assets			Capital surplus	92	-
Goodwill	1,618	1,438	Retained earnings	242,556	247,223
Other	400	386	Treasury stocks	(719)	(1,726)
Total intangible assets	2,018	1,825	Total shareholders' equity	249,925	253,493
Investments and other assets			Accumulated other comprehensive income		
Investments securities	54,229	52,523	Valuation difference on available-for-sale securities	4,192	3,564
Investments in capital	45,297	47,838	Foreign currency translation adjustment	30,228	32,894
Long-term loans receivable from subsidiaries and associates	1,691	5,803	Remeasurements of defined benefit plans	386	335
Long-term time deposits	12,074	12,284	Total accumulated other comprehensive income	34,807	36,794
Net defined benefit asset	2,535	2,559			
Other	746	792	Non-controlling interests	19,888	20,605
Allowance for doubtful accounts	(200)	(200)			
Total investments and other assets	116,374	121,600	Total net assets	304,622	310,894
Total noncurrent assets	187,055	190,301	Total liabilities and net assets	¥351,952	¥352,982
Total assets	¥351,952	¥352,982			

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

(In thousands of U.S. Dollars)

	Mar-15	Sep-15		Mar-15	Sep-15
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	\$806,126	\$785,236	Notes and accounts payable-trade	\$117,662	\$101,366
Notes and accounts receivable-trade	228,811	224,064	Short-term loans payable	17,646	22,372
Short-term investment securities	-	83,354	Income taxes payable	12,882	15,201
Merchandise and finished goods	137,616	96,219	Provision for bonuses	4,099	6,349
Work in process	3,344	3,101	Other	89,148	68,377
Raw materials and supplies	173,129	138,904	Total current liabilities	241,438	213,666
Other	25,577	25,257			
Allowance for doubtful accounts	(126)	(128)	Noncurrent liabilities		
Total current assets	1,374,480	1,356,009	Long-term loans payable	15,212	6,068
			Deferred tax liabilities	99,360	94,530
Noncurrent assets			Provision for directors' retirement benefits	12,738	11,297
Property, plant and equipment			Net defined benefit liability	24,753	24,639
Buildings and structures, net	129,687	126,378	Other	1,011	619
Machinery, equipment and vehicles, net	276,169	265,429	Total noncurrent liabilities	153,076	137,155
Land	147,881	147,418	Total liabilities	394,514	350,821
Construction in progress	16,089	15,979			
Other, net	2,500	2,227	Net assets		
Total property, plant and equipment	572,327	557,434	Shareholders' equity		
			Capital stock	66,655	66,655
Intangible assets			Capital surplus	769	-
Goodwill	13,490	11,991	Retained earnings	2,021,807	2,060,714
Other	3,337	3,224	Treasury stocks	(5,999)	(14,392)
Total intangible assets	16,828	15,216	Total shareholders' equity	2,083,232	2,112,977
Investments and other assets			Accumulated other comprehensive income		
Investments securities	452,023	437,803	Valuation difference on available-for-sale securities	34,949	29,713
Investments in capital	377,570	398,755	Foreign currency translation adjustment	251,967	274,185
Long-term loans receivable from subsidiaries and associates	14,101	48,370	Remeasurements of defined benefit plans	3,222	2,797
Long-term time deposits	100,642	102,393	Total accumulated other comprehensive income	290,138	306,696
Net defined benefit asset	21,137	21,331			
Other	6,223	6,606	Non-controlling interests	165,782	171,758
Allowance for doubtful accounts	(1,667)	(1,667)			
Total investments and other assets	970,032	1,013,593	Total net assets	2,539,154	2,591,431
Total noncurrent assets	1,559,188	1,586,243	Total liabilities and net assets	\$2,933,669	\$2,942,253
Total assets	\$2,933,669	\$2,942,253			

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥119.97 = \$1 as of September 30, 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
For the Six-Month Period Ended September 30, 2015 and 2014

In Japanese Yen

(In millions of Japanese Yen)

	Sep-14	Sep-15
Net sales	¥95,524	¥78,299
Cost of sales	83,965	68,019
Selling, general and administrative expenses	6,625	6,484
Operating income	4,934	3,795
Non-operating income	6,276	7,669
Non-operating expenses	715	137
Ordinary income	10,496	11,327
Extraordinary income	0	-
Extraordinary loss	9	81
Income before income taxes	10,487	11,245
Income taxes		
Income taxes-current	3,435	4,619
Refund of income taxes	-	(1,022)
Income taxes-deferred	(341)	(243)
Total income taxes	3,093	3,353
Profit	7,393	7,892
Profit attributable to non-controlling interests	1,171	714
Profit attributable to owners of parent	¥6,221	¥7,177

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

(In thousands of U.S. Dollars)

	Sep-14	Sep-15
Net sales	\$796,238	\$652,655
Cost of sales	699,884	566,967
Selling, general and administrative expenses	55,222	54,053
Operating income	41,131	31,633
Non-operating income	52,319	63,930
Non-operating expenses	5,961	1,147
Ordinary income	87,489	94,417
Extraordinary income	3	-
Extraordinary loss	78	680
Income before income taxes	87,413	93,737
Income taxes		
Income taxes-current	28,633	38,507
Refund of income taxes	-	(8,523)
Income taxes-deferred	(2,844)	(2,031)
Total income taxes	25,788	27,953
Profit	61,624	65,784
Profit attributable to non-controlling interests	9,767	5,957
Profit attributable to owners of parent	\$51,856	\$59,826

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
For the Six-Month Period Ended September 30, 2015 and 2014

In Japanese Yen

	(In millions of Japanese Yen)	
	Sep-14	Sep-15
Profit	¥7,393	¥7,892
Other comprehensive income		
Valuation difference on available-for-sale securities	244	(630)
Foreign currency translation adjustment	(4,628)	1,147
Remeasurements of defined benefit plans	(18)	(51)
Share of other comprehensive income of entities accounted for using equity method	(2,868)	1,459
Total other comprehensive income	(7,271)	1,923
Comprehensive income	¥121	¥9,815
(Breakdown)		
Comprehensive income attributable to owners of the parent	(546)	9,163
Comprehensive income attributable to non-controlling interests	667	652

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

	(In thousands of U.S. Dollars)	
	Sep-14	Sep-15
Profit	\$61,624	\$65,784
Other comprehensive income		
Valuation difference on available-for-sale securities	2,040	(5,259)
Foreign currency translation adjustment	(38,584)	9,560
Remeasurements of defined benefit plans	(157)	(432)
Share of other comprehensive income of entities accounted for using equity method	(23,913)	12,166
Total other comprehensive income	(60,614)	16,035
Comprehensive income	\$1,009	\$81,819
(Breakdown)		
Comprehensive income attributable to owners of the parent	(4,554)	76,383
Comprehensive income attributable to non-controlling interests	5,563	5,435

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 119.97 = \$1 as of September 30, 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 CHANGES IN NET ASSETS
For the Six-Month Period Ended September 30, 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, 2015	¥7,996	¥92	¥242,556	(¥719)	¥249,925
Changes of items during the period					
Dividends from surplus			(1,344)		(1,344)
Profit attributable to owners of parent			7,177		7,177
Purchase of treasury stock		(92)	(101)	(2,070)	(2,263)
Retirement of treasury stock			(1,063)	1,063	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(92)	4,667	(1,006)	3,568
Balance at September 30, 2015	¥7,996	-	¥247,223	(¥1,726)	¥253,493

	Accumulated other comprehensive income				Non-controlling 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, 2015	¥4,192	¥30,228	¥386	¥34,807	¥19,888	¥304,622
Changes of items during the period						
Dividends from surplus						(1,344)
Profit attributable to owners of parent						7,177
Purchase of treasury stock						(2,263)
Retirement of treasury stock						-
Net changes of items other than shareholders' equity	(628)	2,665	(50)	1,986	716	2,703
Total changes of items during the period	(628)	2,665	(50)	1,986	716	6,271
Balance at September 30, 2015	¥3,564	¥32,894	¥335	¥36,794	¥20,605	¥310,894

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, 2015	\$66,655	\$769	\$2,021,807	(\$5,999)	\$2,083,232
Changes of items during the period					
Dividends from surplus			(11,211)		(11,211)
Profit attributable to owners of parent			59,826		59,826
Purchase of treasury stock		(769)	(843)	(17,258)	(18,870)
Retirement of treasury stock			(8,865)	8,865	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(769)	38,906	(8,393)	29,744
Balance at September 30, 2015	\$66,655	-	\$2,060,714	(\$14,392)	\$2,112,977

	Accumulated other comprehensive income				Non-controlling 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, 2015	\$34,949	\$251,967	\$3,222	\$290,138	\$165,782	\$2,539,154
Changes of items during the period						
Dividends from surplus						(11,211)
Profit attributable to owners of parent						59,826
Purchase of treasury stock						(18,870)
Retirement of treasury stock						-
Net changes of items other than shareholders' equity	(5,235)	22,218	(424)	16,557	5,975	22,532
Total changes of items during the period	(5,235)	22,218	(424)	16,557	5,975	52,277
Balance at September 30, 2015	\$29,713	\$274,185	\$2,797	\$306,696	\$171,758	\$2,591,431

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 119.97 = \$1 as of September 30, 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
For the Six-Month Period Ended September 30, 2015

	In millions of Japanese Yen	In thousands of U.S. Dollars
		(Note1)
I . Cash flows from operating activities		
Income before income taxes	¥11,245	\$93,737
Depreciation and amortization	3,223	26,865
Interest and dividends income	(580)	(4,841)
Interest expenses	91	765
Equity in (earnings) losses of affiliates	(6,487)	(54,073)
Decrease (increase) in notes and accounts receivable-trade	512	4,271
Decrease (increase) in inventories	9,042	75,373
Increase (Decrease) in notes and accounts payable-trade	(1,910)	(15,927)
Other, net	(830)	(6,923)
Subtotal	14,306	119,247
Interest and dividends income received	6,683	55,711
Interest expenses paid	(102)	(853)
Income taxes paid	(3,942)	(32,862)
Net cash provided by (used in) operating activities	16,945	141,243
II . Cash flows from investment activities		
Payments into time deposits	(9,519)	(79,349)
Proceeds from withdrawal of time deposits	16,321	136,049
Purchase of property, plant and equipment	(2,587)	(21,570)
Payments of loans receivable from subsidiaries and associates	(4,084)	(34,047)
Other, net	(48)	(408)
Net cash provided by (used in) investment activities	80	674
III . Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	500	4,167
Repayment of long-term loans payable	(1,024)	(8,542)
Purchase of treasury stock	(2,004)	(16,707)
Cash dividends paid	(1,343)	(11,199)
Dividends paid to non-controlling interests	(1)	(11)
Other, net	(9)	(81)
Net cash provided by (used in) financing activities	(3,883)	(32,374)
IV . Effect of exchange rate change on cash and cash equivalents	27	230
V . Net increase (decrease) in cash and cash equivalents	13,169	109,774
VI . Cash and cash equivalents at beginning of year	12,783	106,555
VII . Cash and cash equivalents at end of quarter	¥25,953	\$216,330

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 September 30, 2015)

(1) Total number of shares authorized to be issued	171,257,770
Number of shares outstanding	68,250,000
Total number of shareholders	3,635

(2) Dividends

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

2015	2015	2014	2014	2013	
Sep.	Mar.	Sep.	Mar.	Sep.	
20	20	17	17	15	(Unit : Japanese Yen)
0.17	0.17	0.14	0.14	0.13	(Unit : U.S. Dollar)

Note: U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥ 119.97 = \$1 as of September 30, 2015.

Board of Directors

(As of September 30, 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
				Kengo Nakaya	
		Mikio Kobayashi		Yoshio Morikawa	Tamaki Tsukada
				Katsumasa Kohata	
				Damri Tunshevavong	Hisashi Sawada
				Takenosuke Yasufuku	

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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