

SEMI-ANNUAL REPORT 2016

SEPTEMBER 30, 2016

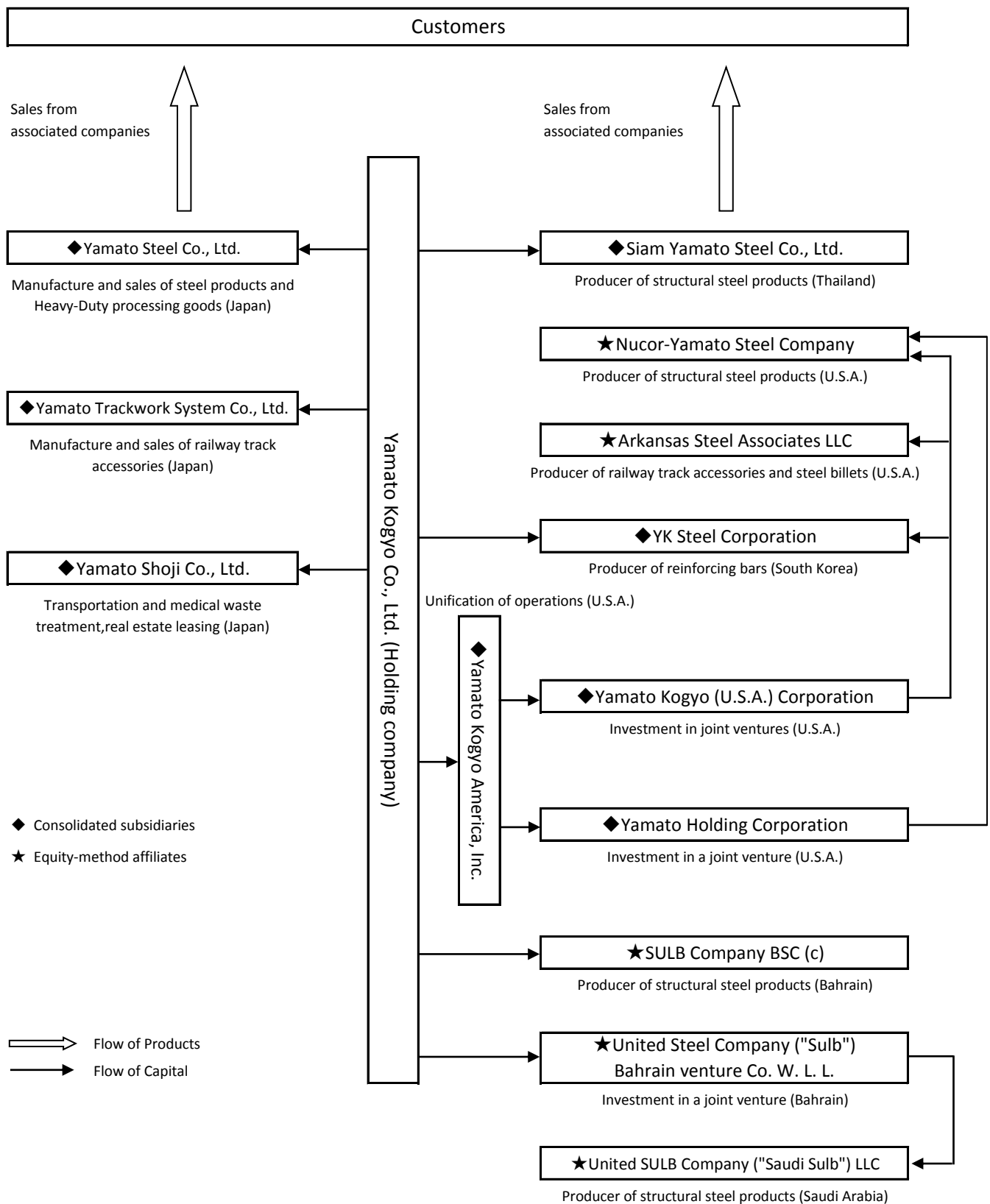
YAMATO KOGYO CO., LTD.

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Corporate Structure and Affiliates

As of September 30, 2016



* We have stakes in 1 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, 2016

1. Business Performance and Financial Status

(1) Business Performance

① Status During the Current Mid-Term Consolidated Accounting Period

With regard to the business environment for Yamato Kogyo Group (the Group) during the current mid-term consolidated accounting period, while scrap prices became stable after a fall in reaction to a surge from January to May 2016, sales prices remained largely the same. As China's steel exports remain in a high gear, keep the pace same on 2015, it hugely influences the Group's business, which relies heavily on overseas markets.

In the face of continued stagnant demand for steel products in Japan, we are working to produce and sell steel products in a quantity that meets real demand but our business is still affected by fluctuations in scrap prices. In addition, sales of stern frames and other products for shipbuilders continued to be sluggish in terms of both quantity and price as shipbuilders are seeing a drop in new orders because of a downturn in the international shipping market.

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 2016 was reflected in the current mid-term accounting period.

YK Steel Corporation in South Korea saw an operating profit in the current first half because of continued demand for reinforcing steel resulting from a pickup in and after mid-2015 in the construction of apartments in the country. Business conditions in South Korea has improved compared to the same period in the previous year, although it is not certain until when the current demand for reinforcing bar will last and is concerned about the effect of low-priced steel products from China.

Siam Yamato Steel Co., Ltd. in Thailand posted an increase in profit from the same period in the previous year thanks to the temporary rush in demand at the time of an increase in scrap prices, although the country continues to see sluggish investment to construct factory due to its stagnant domestic economy.

Our U.S. affiliates accounted for under the equity method booked a profit favorably despite the impact of higher scrap prices.

SULB Company BSC (c), a company in Bahrain, accounted for under the equity method, is facing a significantly tough time as demand continues to be sluggish due to the slow recovery of oil prices, and the market remains in a slump because of the inflow of low-priced finished and semi-finished steel products from China and other countries.

As a result of the above, sales for the current mid-term consolidated accounting period were 71,954 million yen (a decrease of 6,344 million yen in comparison with the same period in the previous year), operating income was 6,901 million yen (an increase of 3,106 million yen in comparison with the same period in the previous year), ordinary income was 12,278 million yen (an increase of 951 million yen in comparison with the same period in the previous year), and profit attributable to owners of parent was 6,830 million yen (a decrease of 347 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, 2016)

Average rate: 111.81 yen/U.S. dollar, 3.15yen/baht, and 10.57won/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, 2015)

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

We report the business results of the segment as follows:

● **Steel (Japan)**

In the face of continued stagnant demand for steel products in Japan, we are working to produce and sell steel products in a quantity that meets real demand but our business is still affected by fluctuations in scrap prices. In addition, sales of stern frames and other products for shipbuilders continued to be sluggish in terms of both quantity and price as shipbuilders are seeing a drop in new orders because of a downturn in the international shipping market. As a result, sales were 18,906 million yen (a decrease of 2,457 million yen in comparison with the same period in the previous year), the operating income was 2,189 million yen (a decrease of 676 million yen in comparison with the same period in the previous year).

● **Steel (South Korea)**

Its saw an operating profit in the current first half because of continued demand for reinforcing steel resulting from a pickup in and after mid-2015 in the construction of apartments in the country. Business conditions in South Korea has improved compared to the same period in the previous year, although it is not certain until when the current demand for reinforcing bar will last and is concerned about the effect of low-priced steel products from China.

As a result, sales were 20,579 million yen (a decrease of 901 million yen in comparison with the same period in the previous year), the operating income was 1,152 million yen (the operating loss of 1,330 million yen was posted during the same period in the previous year).

● **Steel (Thailand)**

Its posted an increase in profit from the same period in the previous year thanks to the temporary rush in demand at the time of an increase in scrap prices, although the country continues to see sluggish investment in construction due to its stagnant domestic economy.

As a result, sales were 29,900 million yen (a decrease of 2,807 million yen in comparison with the same period in the previous year), the operating income was 4,077 million yen (an increase of 1,345 million yen in comparison with the same period in the previous year).

● **Railway Track Accessories**

Sales were 2,427 million yen (a decrease of 178 million yen in comparison with the same period in the previous year), and the operating income was 222 million yen (a decrease of 6 million yen in comparison with the same period in the previous year).

● **Other Business Sectors**

Other sales were 139 million yen, (an increase of 1 million yen in comparison with the same period in the previous year) and operating loss was 5 million yen (the operating income of 14 million yen was posted during the same period in 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. China's steel production capacity is reported to be decreased. However, as the price goes up, idle facilities were reactivated; therefore, there is still no sign of a fundamental change in steel industry and steel export have not declined. Such a state of excessive supply continues to have a significantly adverse impact on the Group, which is engaged in global business. If oil prices continue to stay at the current low levels, it will remain as a substantial negative factor in demand for steel products in the Middle East.

The consolidated results for the entire fiscal year are forecast to be, as a result of revisions to the previous projection (released on July 29, 2016), 137 billion yen in sales (up by 2 billion yen from the previous projection) and 9 billion yen in operating income (up by 1.5 billion yen) based on increases made in the first half of the fiscal year. On the other hand, as equity in earnings of affiliates is expected to decline from the previously released figure, ordinary income and profit attributable to owners of parent are expected to be lower than the previous fiscal year; they are projected to be 18.5 billion yen (down by 1.5 billion yen from the previous projection) and 9.5 billion yen (down by 1 billion yen), respectively.

(2) Analysis of Financial Status

Total assets at the end of the current mid-term consolidated accounting period were 314,526 million yen, a decrease of 32,172 million yen in comparison with the end of the previous consolidated fiscal year. This was due to decrease in assets of a foreign subsidiary, result of currency exchange rate fluctuations.

Liabilities were 37,040 million yen, a decrease of 1,801 million yen in comparison with the end of the previous consolidated fiscal year. This was due to decrease of long-term loans payable.

Also, net assets were 277,485 million yen, a decrease of 30,371 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 a decrease of 33,984 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 accounting period.

(The end of first fiscal half for each overseas company is end of June 2016)

102.96 yen/U.S. dollar, 2.93 yen/baht, and 11.31 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 2015)

120.54 yen/U.S. dollar, 3.35 yen/baht, and 9.72 won/yen

(Cash Flows from Operating Activities)

The increase in funds from operating activities was 12,098 million yen, primarily due to factors such as 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 12,071 million yen, primarily due to factors such as payments into time deposits.

(Cash Flows from Financing Activities)

The decrease in funds from financing activities was 2,615 million yen, due to payment of dividend and repayments of long-term loans payable.

With the addition of Δ 1,773 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 28,179 million yen, which is a decrease of 4,361 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 50 yen per share, with interim dividend of 25 yen per share, and the end-of-term dividend of 25 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.

⑤ Risk of our Middle East Business

We are engaged in global business operations targeting the world market. After establishing business bases in the United States, Thailand and South Korea, in 2007 we decided to move into the Middle East in expectation of increasing demand for structural steel. In 2009, we jointly established SULB Company BSC (c) (hereinafter referred to as "SULB") in the Kingdom of Bahrain with our venture partner in Middle East business Foulath Holding B.S.C. At SULB, we built a DRI-based integrated mill for production and sales principally of H-shaped steel. In 2011, we acquired the assets of a Saudi Arabian steelmaker via a special purpose company and established United SULB Company ("Saudi Sulb") LLC (hereinafter referred to as "Saudi Sulb"). Thus, we have pushed ahead with business in the Middle East.

SULB entered into commercial production at the end of July 2013, and is now ready for production at full capacity. However, SULB faces quite a tough business environment because of sluggish demand in the Middle East for steel products due to falling oil prices, slumping sales prices caused by inflows of low-priced finished and semi-finished steel products from China and other countries, increased production costs due to hikes in power, gas and water bills in the Kingdom of Bahrain, and unstable procurement of pellets as raw materials of direct reduced iron, among others. All these factors had not been considered in our initially designed project. Saudi Sulb also faces quite a tough business environment.

We have a large amount of capital invested in joint ventures operating in the Middle East (including loans and credit guarantees). If it should be required to book massive investment losses in addition to losses derived from business operations in the Middle East, our group may have its earnings and financial condition substantially affected.

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, 2016 and March 31, 2016

In Japanese Yen

(In millions of Japanese Yen)

	Mar-16	Sep-16		Mar-16	Sep-16
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	¥112,455	¥90,851	Notes and accounts payable-trade	¥10,350	¥12,955
Notes and accounts receivable-trade	21,432	23,284	Short-term loans payable	1,675	586
Short-term investment securities	-	15,200	Income taxes payable	1,282	844
Merchandise and finished goods	9,769	9,601	Provision for bonuses	507	771
Work in process	407	394	Other	9,316	7,135
Raw materials and supplies	15,773	16,445	Total current liabilities	23,131	22,293
Other	2,761	3,027			
Allowance for doubtful accounts	(12)	(14)	Noncurrent liabilities		
Total current assets	162,586	158,791	Deferred tax liabilities	11,592	10,606
Noncurrent assets			Provision for directors' retirement benefits	1,409	1,477
Property, plant and equipment			Net defined benefit liability	2,648	2,599
Buildings and structures, net	13,917	12,236	Other	59	62
Machinery, equipment and vehicles, net	28,812	24,223	Total noncurrent liabilities	15,709	14,746
Land	16,949	15,309	Total liabilities	38,841	37,040
Construction in progress	1,886	2,081			
Other, net	220	263	Net assets		
Total property, plant and equipment	61,784	54,115	Shareholders' equity		
Intangible assets			Capital stock	7,996	7,996
Goodwill	1,258	1,079	Retained earnings	251,941	257,110
Other	369	319	Treasury stock	(306)	(306)
Total intangible assets	1,628	1,398	Total shareholders' equity	259,632	264,800
Investments and other assets			Accumulated other comprehensive income		
Investments securities	47,229	38,469	Valuation difference on available-for-sale securities	3,414	3,099
Investments in capital	52,029	42,592	Foreign currency translation adjustment	25,642	(8,341)
Long-term loans receivable from subsidiaries and associates	6,568	5,916	Remeasurements of defined benefit plans	(139)	(141)
Long-term time deposits	12,105	10,357	Total accumulated other comprehensive income	28,917	(5,383)
Net defined benefit asset	2,055	2,057			
Other	927	1,043	Non-controlling interests	19,306	18,069
Allowance for doubtful accounts	(216)	(216)			
Total investments and other assets	120,699	100,220	Total net assets	307,857	277,485
Total noncurrent assets	184,112	155,734			
Total assets	¥346,698	¥314,526	Total liabilities and net assets	¥346,698	¥314,526

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

(In thousands of U.S. Dollars)

	Mar-16	Sep-16		Mar-16	Sep-16
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	\$1,112,097	\$898,456	Notes and accounts payable-trade	\$102,362	\$128,122
Notes and accounts receivable-trade	211,949	230,261	Short-term loans payable	16,564	5,795
Short-term investment securities	-	150,316	Income taxes payable	12,683	8,354
Merchandise and finished goods	96,612	94,955	Provision for bonuses	5,015	7,633
Work in process	4,027	3,897	Other	92,129	70,563
Raw materials and supplies	155,984	162,638	Total current liabilities	228,755	220,469
Other	27,310	29,938			
Allowance for doubtful accounts	(127)	(139)	Noncurrent liabilities		
Total current assets	1,607,855	1,570,325	Deferred tax liabilities	114,640	104,892
Noncurrent assets			Provision for directors' retirement benefits	13,941	14,613
Property, plant and equipment			Net defined benefit liability	26,189	25,704
Buildings and structures, net	137,630	121,013	Other	586	622
Machinery, equipment and vehicles, net	284,929	239,550	Total noncurrent liabilities	155,357	145,831
Land	167,613	151,402	Total liabilities	384,113	366,301
Construction in progress	18,653	20,585			
Other, net	2,178	2,606	Net assets		
Total property, plant and equipment	611,005	535,159	Shareholders' equity		
Intangible assets			Capital stock	79,081	79,081
Goodwill	12,448	10,670	Retained earnings	2,491,514	2,542,628
Other	3,655	3,161	Treasury stock	(3,028)	(3,034)
Total intangible assets	16,104	13,831	Total shareholders' equity	2,567,567	2,618,675
Investments and other assets			Accumulated other comprehensive income		
Investments securities	467,066	380,430	Valuation difference on available-for-sale securities	33,765	30,650
Investments in capital	514,527	421,204	Foreign currency translation adjustment	253,589	(82,488)
Long-term loans receivable from subsidiaries and associates	64,957	58,510	Remeasurements of defined benefit plans	(1,377)	(1,402)
Long-term time deposits	119,711	102,427	Total accumulated other comprehensive income	285,976	(53,240)
Net defined benefit asset	20,324	20,348			
Other	9,171	10,323	Non-controlling interests	190,931	178,689
Allowance for doubtful accounts	(2,136)	(2,136)			
Total investments and other assets	1,193,623	991,108	Total net assets	3,044,475	2,744,124
Total noncurrent assets	1,820,733	1,540,099			
Total assets	\$3,428,589	\$3,110,425	Total liabilities and net assets	\$3,428,589	\$3,110,425

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥101.12 = \$1 as of September 30, 2016.
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, 2016 and 2015

In Japanese Yen

(In millions of Japanese Yen)

	Sep-15	Sep-16
Net sales	¥78,299	¥71,954
Cost of sales	68,019	58,427
Selling, general and administrative expenses	6,484	6,625
Operating income	3,795	6,901
Non-operating income	7,669	6,157
Non-operating expenses	137	780
Ordinary income	11,327	12,278
Extraordinary income	-	8
Extraordinary loss	81	22
Income before income taxes	11,245	12,265
Income taxes		
Income taxes-current	4,619	4,278
Refund of income taxes	(1,022)	-
Income taxes-deferred	(243)	(120)
Total income taxes	3,353	4,157
Profit	7,892	8,108
Profit attributable to non-controlling interests	714	1,278
Profit attributable to owners of parent	¥7,177	¥6,830

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

(In thousands of U.S. Dollars)

	Sep-15	Sep-16
Net sales	\$774,317	\$711,577
Cost of sales	672,656	577,798
Selling, general and administrative expenses	64,130	65,524
Operating income	37,530	68,254
Non-operating income	75,848	60,889
Non-operating expenses	1,360	7,714
Ordinary income	112,018	121,429
Extraordinary income	-	87
Extraordinary loss	807	218
Income before income taxes	111,211	121,298
Income taxes		
Income taxes-current	45,686	42,306
Refund of income taxes	(10,111)	-
Income taxes-deferred	(2,410)	(1,195)
Total income taxes	33,164	41,110
Profit	78,047	80,187
Profit attributable to non-controlling interests	7,068	12,641
Profit attributable to owners of parent	70,978	\$67,546

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥101.12 = \$1 as of September 30, 2016.
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, 2016 and 2015

In Japanese Yen

	(In millions of Japanese Yen)	
	Sep-15	Sep-16
Profit	¥7,892	¥8,108
Other comprehensive income		
Valuation difference on available-for-sale securities	(630)	(315)
Foreign currency translation adjustment	1,147	(23,478)
Remeasurements of defined benefit plans	(51)	(2)
Share of other comprehensive income of entities accounted for using equity method	1,459	(13,019)
Total other comprehensive income	1,923	(36,816)
Comprehensive income	¥9,815	(¥28,707)
(Breakdown)		
Comprehensive income attributable to owners of the parent	9,163	(27,471)
Comprehensive income attributable to non-controlling interests	652	(1,236)

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

	(In thousands of U.S. Dollars)	
	Sep-15	Sep-16
Profit	\$78,047	\$80,187
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,239)	(3,116)
Foreign currency translation adjustment	11,343	(232,185)
Remeasurements of defined benefit plans	(513)	(29)
Share of other comprehensive income of entities accounted for using equity method	14,434	(128,754)
Total other comprehensive income	19,024	(364,087)
Comprehensive income	\$97,071	(\$283,899)
(Breakdown)		
Comprehensive income attributable to owners of the parent	90,622	(271,671)
Comprehensive income attributable to non-controlling interests	6,448	(12,228)

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 101.12 = \$1 as of September 30, 2016.
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, 2016

In Japanese Yen

(In millions of Japanese Yen)

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	¥7,996	¥251,941	(¥306)	¥259,632
Changes of items during the period				
Dividends from surplus		(1,661)		(1,661)
Profit attributable to owners of parent		6,830		6,830
Purchase of treasury stock			(0)	(0)
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	5,168	(0)	5,168
Balance at September 30, 2016	7,996	257,110	(306)	264,800

	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, 2016	¥3,414	¥25,642	(¥139)	¥28,917	¥19,306	¥307,857
Changes of items during the period						
Dividends from surplus						(1,661)
Profit attributable to owners of parent						6,830
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(315)	(33,984)	(2)	(34,301)	(1,237)	(35,539)
Total changes of items during the period	(315)	(33,984)	(2)	(34,301)	(1,237)	(30,371)
Balance at September 30, 2016	¥3,099	(¥8,341)	(¥141)	(¥5,383)	¥18,069	¥277,485

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

(In thousands of U.S. Dollars)

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	\$79,081	\$2,491,514	(\$3,028)	\$2,567,567
Changes of items during the period				
Dividends from surplus		(16,432)		(16,432)
Profit attributable to owners of parent		67,546		67,546
Purchase of treasury stock			(0)	(0)
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	51,114	(0)	51,108
Balance at September 30, 2016	79,081	2,542,628	(3,034)	2,618,675

	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, 2016	\$33,765	\$253,589	(\$1,377)	\$285,976	\$190,931	\$3,044,475
Changes of items during the period						
Dividends from surplus						(16,432)
Profit attributable to owners of parent						67,546
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(3,115)	(336,077)	(24)	(339,217)	(12,241)	(351,459)
Total changes of items during the period	(3,115)	(336,077)	(24)	(339,217)	(12,241)	(300,350)
Balance at September 30, 2016	\$30,650	(\$82,488)	(\$1,402)	(\$53,240)	\$178,689	\$2,744,124

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥101.12 = \$1 as of September 30, 2016.
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, 2016

	In millions of Japanese Yen	In thousands of U.S. Dollars
		(Note1)
I . Cash flows from operating activities		
Income before income taxes	¥12,265	\$121,298
Depreciation and amortization	2,675	26,457
Interest and dividends income	(792)	(7,842)
Interest expenses	30	297
Equity in (earnings) losses of affiliates	(5,020)	(49,652)
Decrease (increase) in notes and accounts receivable-trade	(3,316)	(32,795)
Decrease (increase) in inventories	(3,058)	(30,249)
Increase (decrease) in notes and accounts payable-trade	3,836	37,936
Other, net	251	2,485
Subtotal	6,869	67,934
Interest and dividends income received	10,390	102,758
Interest expenses paid	(39)	(388)
Income taxes paid	(5,122)	(50,656)
Net cash provided by (used in) operating activities	12,098	119,648
II . Cash flows from investment activities		
Payments into time deposits	(18,890)	(186,814)
Proceeds from withdrawal of time deposits	8,518	84,245
Purchase of property, plant and equipment	(1,962)	(19,407)
Proceeds from sales of investment securities	334	3,312
Payments of loans receivable from subsidiaries and associates	(3)	(30)
Other, net	(68)	(680)
Net cash provided by (used in) investment activities	(12,071)	(119,375)
III . Cash flows from financing activities		
Repayment of long-term loans payable	(945)	(9,345)
Purchase of treasury stock	(0)	(5)
Cash dividends paid	(1,660)	(16,417)
Dividends paid to non-controlling shareholders	(1)	(13)
Other, net	(8)	(83)
Net cash provided by (used in) financing activities	(2,615)	(25,865)
IV. Effect of exchange rate change on cash and cash equivalents	(1,773)	(17,543)
V. Net decrease(increase) in cash and cash equivalents	(4,361)	(43,135)
VI. Cash and cash equivalents at beginning of year	32,540	321,805
VII. Cash and cash equivalents at end of year	¥28,179	\$278,669

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, 2016)

(1) Total number of shares authorized to be issued	171,257,770
Number of shares outstanding	67,670,000
Total number of shareholders	2,929

(2) Dividends

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

2016	2016	2015	2015	2014	
Sep.	Mar.	Sep.	Mar.	Sep.	
25	25	20	20	17	(Unit : Japanese Yen)
0.25	0.25	0.20	0.20	0.17	(Unit : U.S. Dollar)

Note: U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥101.12 = \$1 as of September 30, 2016.

Board of Directors

(As of September 30, 2016)

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	Kazumi Yonezawa
				Katsumasa Kohata	
				Damri Tunshevavong	Hisashi Sawada
				Takenosuke Yasufuku	
	Kiyoshige Akamatsu				

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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