

ANNUAL REPORT 2006

MARCH 31, 2006

YAMATO KOGYO CO., LTD.

Contents ---

Group Vision	2
Corporate Structure and Affiliates.....	3
Operating Results for The Year Ended March 31,2006	4
Five-Year Summary of Selected Financial Data	10
Consolidated Balance Sheets	11
Consolidated Statements of Income	12
Consolidated Statements of Additional Paid-in Capital and Retained Earnings.....	13
Consolidated Statements of Cash Flows	14
Situation of Issue Shares	15
Board of Directors	15

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. Sixty years of experience of working with steel has shown that there are still many secrets that remain unexplored. By using the Five Lessons of a Stream of Water theory, we hope to explore the possibilities of steel to new boundaries.

- Five Lessons of Stream of Water -

It's a stream of water that moves on its own initiative, and thus makes others move.

It's a stream of water that never stops, always seeking its course.

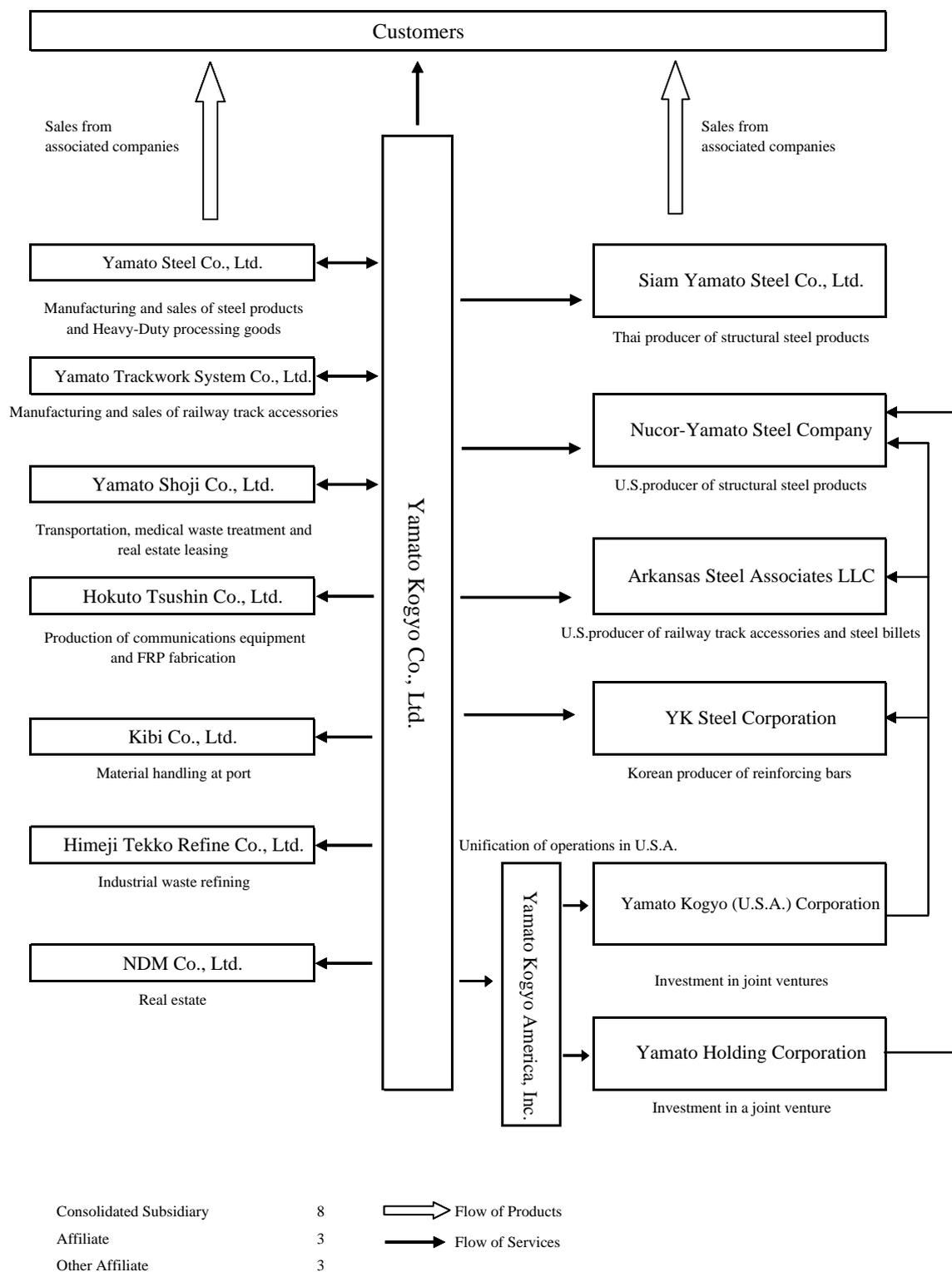
It's a stream of water that dashes against an obstacle it meets, gaining a power a hundred times as great as that which it originally had.

It's a stream of water that is clean and clear by itself, and washes away the dirt of others, being so "broad-minded" as to be tolerant of even muddy water getting mixed in it.

It's a stream of water, too, that, in the long run, contributes to filling the vast expanse of an ocean, and that evaporates into the air to form clouds which bring rainfall to the earth.

Corporate Structure and Affiliates

As of March 31, 2006



(Note: As of July 1st 2005, the name of our Korean operations was changed from Yamato Korea Steel Corporation.)

YAMATO KOGYO CO., LTD.
OPERATING RESULTS FOR THE FISCAL YEAR
ENDED MARCH 31, 2006

Management Policy

1) Basic Business Policy

The Yamato Kogyo group of companies has served as a responsible member of the business community and strives 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) Basic Policy Regarding Profit Allocation

We believe that the development of future dividend policies will be based not only on the performance of each member of the group, but also on the consolidated performance, financial situation, and internal reserves of the group as a whole. Moreover, from the standpoint of medium- and long-term shareholder profits, the Company has already acquired and retired 22,340,000 of its own share.

3) Concepts and Policies Regarding the Reduction in Investment Units

Our Company believes that adequate share liquidity is needed in order to achieve reasonable share prices in the stock market. Accordingly, a greater number of investor participants is required. On the basis of this policy, the Articles of Incorporation were partially amended by a Resolution of the Board of Directors in November of 2005, and the “Number of Shares Per Unit” was amended from 1,000 shares to 100 shares, effective as of January 2006.

4) Our Target Business Indicator

We have been promoting the decentralization of domestic and overseas business investments 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. The revamping of our Company's organizational structure to enable it to rapidly respond to these changes resulted in our Company being positioned at the top of the group as the holding company. Our Company aims for a management structure that maximizes the unique qualities and functions of each of the subsidiaries under the overall management umbrella of the group as a whole. We consider ROE (Return on Equity) as an important business indicator.

5) Medium- and Long-term Corporate Business Strategy and Challenges Facing the Company

In the business areas in which our Company's group deals, we anticipate increasingly vigorous competition with both foreign and domestic manufacturers in the future. In order to counter this competition, our Company's group aims to improve productivity and to cut costs by renewing and expanding manufacturing facilities at our operations in Japan and overseas, so as to achieve greater profitability as a group.

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

Our Company's group aims to constantly improve its value, and we recognize this as our greatest corporate responsibility and as a constant issue of importance from the standpoint of management. In order to earn the trust of all of our stakeholders, including our stockholders first and foremost, we are striving to raise the management efficiency of the group as a whole and to ensure sound management.

Business Performance and Financial Status

1) Business Performance

- Status During the Current Consolidated Accounting Period

With favorable trends in company performance forming the back-drop, the Japanese economy during the current consolidated fiscal year has seen an improved employment environment, as well as improved personal consumption. Furthermore, a sense that the economy is recovering has become widespread, not only due to a healthy automotive industry, but also due to greater plant and equipment investment in other industries as well, plus signs of movement in export expansion. In addition, in the United States, Thailand, and South Korea, where our company has developed joint ventures, business has moved in a generally favorable direction, though there were signs of a slow-down in some countries.

In view of this situation, the steel business, which is our main line of business, shows unstable tendencies in primary raw material costs and finished product prices, and our business operations have been striving to focus on profitability. Moreover, the group has been working to raise product quality and to promote greater energy conservation and to raise productivity, so as to bring costs down. In addition, the Thai joint venture is progressing steadily, and business performance of the U.S. joint venture greatly exceeds that of the previous accounting period. This is reflected in the form of equity income for both the Thai and the U.S. joint ventures.

As a result, performance during the current consolidated fiscal year shows sales of 99,336 million yen, which is an increase of 9,360 million yen (10.4%) over the same accounting period of the previous fiscal year. Operating profit was 15,033 million yen, an increase of 323 million yen (2.2%) over the same accounting period of the previous fiscal year, and ordinary profit was 32,240 million yen, an increase of 3,869 million yen (13.6%) over the same accounting period of the previous fiscal year. And the net profit for the current accounting period is 17,798 million yen, an increase of 217 million yen (1.2%) over the same accounting period of the previous year.

We report in brief on the performance of each of our business operations as follows.

Steel

With continued adjustments in production due to reductions in inventory by the leading blast furnace makers, we have continued to emphasize profitability in the operations of our company in Japan. Although sales prices have generally remained steady, sales volume has fallen in the wake of the scandal involving the falsification of earthquake-resistance documents. Sales were 36,726 million yen, a decrease of 1,124 million yen in comparison with the same accounting period of the previous year. In South Korea, competition has intensified, due to a long-term slump in the construction business, as well as an influx of cheap Chinese products. The sales unit price has fallen in comparison with the same accounting period of the previous year, but the production and sales volumes have risen over the previous year, when operations were temporarily suspended due to construction to introduce streamlined facilities. The stronger South Korean Won was also a factor leading to sales of 52,488 million yen, an increase of 10,105 million yen. As a result, sales in this business sector were 89,214 million yen (Results in the same accounting period of the previous year: 80,232 million yen), and the operating profit was 15,145 million yen (Results in the same accounting period of the previous year: 14,533 million yen).

Railway Track Accessories

Although domestic sales were slightly higher than in the previous year, exports to Taiwan were down, and raw material price increases had to be accepted. Sales in this business sector were 3,930 million yen (Results in the same accounting period of the previous year: 4,275 million yen), and the operating profit was 132 million yen (Results in the same accounting period of the previous year: 456 million yen).

Heavy-Duty Machining

Favorable demand for ships forms the back-drop for a sustained high volume of new ship-building for ship builders, and there has been continued favorable movement in the volume of construction of our Company's products, steel casings and steel frames. Sales in this business sector increased by 810 million yen to 4,787 million yen (Results in the same accounting period of the previous year: 3,977 million yen), and the operating profit was 444 million yen (Results in the same accounting period of the previous year: 239 million yen).

FRP Forming

There was a decrease in FRP processing operations for the residential housing market. Sales in this business sector were 983 million yen (Results in the same accounting period of the previous year: 1,065 million yen), and the operating profit was 15 million yen (Results in the same accounting period of the previous year: 50 million yen).

Real Estate Leases

Although the vacancy rates in buildings owned by the Company are as serious as before in the Kansai Area, some improvement has been seen in the Kanto Area. As a result, sales in this business sector were 291 million yen (Results in the same accounting period of the previous year: 287 million yen), and the operating profit was 84 million yen (Results in the same accounting period of the previous year: 70 million yen).

Treatment of Medical Waste

Our Company's system for the treatment of medical waste (Messcud) features melt-treatment that utilizes high-temperature electric furnaces. This system is safe, reliable, and responsive to environmental protection needs. Stiff price competition continues, and sales in this sector amounted to 128 million yen (Results in the same accounting period of the previous year: 136 million yen), and the operating profit was 12 million yen (Results in the same accounting period of the previous year: 9 million yen).

- Distribution of Profits

Regarding the distribution of profits for the current accounting period: We would like to pay out dividends of 16 yen per share (the original plan was 15 yen per share), due to the favorable progress in business results, and in response to the constant support received from shareholders. It should be noted that if mid-term dividends are included, the planned annual distribution of profits is 31 yen per share.

- Outlook for the Next Accounting Period

With regard to the future outlook, we expect Japan's economy to make steady progress, with strong exports, as well as increased employment and corporate profits. We also expect the United States, Thailand, and South Korea to improve steadily.

Given this state of affairs, our steel operations in Japan will strive to obtain orders and aim to increase sales volumes. Also, favorable performance is forecast for the Nucor Yamato Steel Company in the United States, due to the vigorous demand for steel, and we expect to see steady improvement elsewhere as well.

Based on the above, the forecast for the entire fiscal year is as follows: Sales of 104,000 million yen, ordinary profit of 31,000 million yen, and net profit for the current accounting period of 18,000 million yen.

Please note that currency conversions are based on an exchange rate (average for the accounting period) of 112 yen/dollar, 2.85 yen/baht, and 970 won/dollar (8.66 won/yen).

Also, regarding dividends for the next accounting period: Taking the above performance forecasts into consideration, the plan is for a mid-term dividend of 16 yen per share and an end-of-term dividend of 16 yen, for an annual dividend of 32 yen per share.

2) Financial Status

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated accounting period amount to 47,556 million yen, which is an increase of 13,297 million yen in comparison with the end of the previous consolidated accounting period. This is the result of a conversion differential (3,568 million yen) pertaining to cash and cash equivalents applied to fluctuations in cash flow due to business activity, investment activity, and financial activity.

- Cash Flow Due to Business Activity

The increase in funds due to business activity was 20,180 million yen. This was because even though the net profit for this accounting period before adjustment for taxes was 32,120 million yen, corporate tax payments were 9,297 million yen.

- Cash Flow Due to Investment Activity

The decrease in funds due to investment activity was 12,198 million yen. This was primarily due to the acquisition of tangible fixed assets, as well as an increase in time deposits over 3 months.

- Cash Flow Due to Financial Activity

The increase in funds due to financial activity was 1,747 million yen. This was due to the fact that, although there was a decrease in funds due to dividend payments and acquisition of treasury stock, YK Steel Corporation borrowed money from the bank.

Cash Flow Index Trends

	Period Ending March 2002	Period Ending March 2003	Period Ending March 2004	Period Ending March 2005	Period Ending March 2006
Stockholders' Equity Ratio	70.3%	69.4%	72.9%	74.3%	71.9%
Stockholders' Equity Ratio on Market Price Basis	33.1%	31.3%	76.5%	64.5%	96.4%

Stockholders' Equity Ratio: $\text{Stockholders' equity} / \text{Total assets}$

Stockholders' Equity Ratio on Market Price Basis: $\text{Total value of stock at market price} / \text{Total assets}$

Note 1: Both of these indices are computed from financial figures on a consolidated basis.

Note 2: The total value of stock at market price is computed by multiplying the final market price at the end of the accounting period by the number of shares issued at the end of the accounting period (after deducting treasury stock).

3) Business Risks

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

- Latent Risks in Doing Business Overseas

Our group's manufacturing and sales activities are not only in Japan, but also in the U.S., Thailand, and South Korea, 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.

- Exchange Rate Fluctuations

In our group, 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, the yen is strong vis-à-vis other currencies, so a lower yen would be better for our Company.

- Fluctuations in Sales Prices and Scrap Prices

The performance of our group's vital steel business is greatly affected by fluctuations in sales prices of products and the price of scrap, 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.

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

In Japanese Yen

(In millions of Japanese Yen)

FOR THE YEAR	Years ended March 31,				
	2006	2005	2004	2003	2002
Sales	¥99,336	¥89,975	¥71,147	¥28,571	¥21,493
Ordinary income (loss)	32,240	28,371	12,146	11,857	15,192
Net income (loss)	17,798	17,581	12,771	7,974	5,826
Per share (unit:Yen)	249.48	244.02	173.25	107.24	80.11
AT YEAR-END					
Stockholders' equity	132,431	107,208	90,010	85,134	84,812
Total assets	184,298	144,381	123,544	122,686	120,706

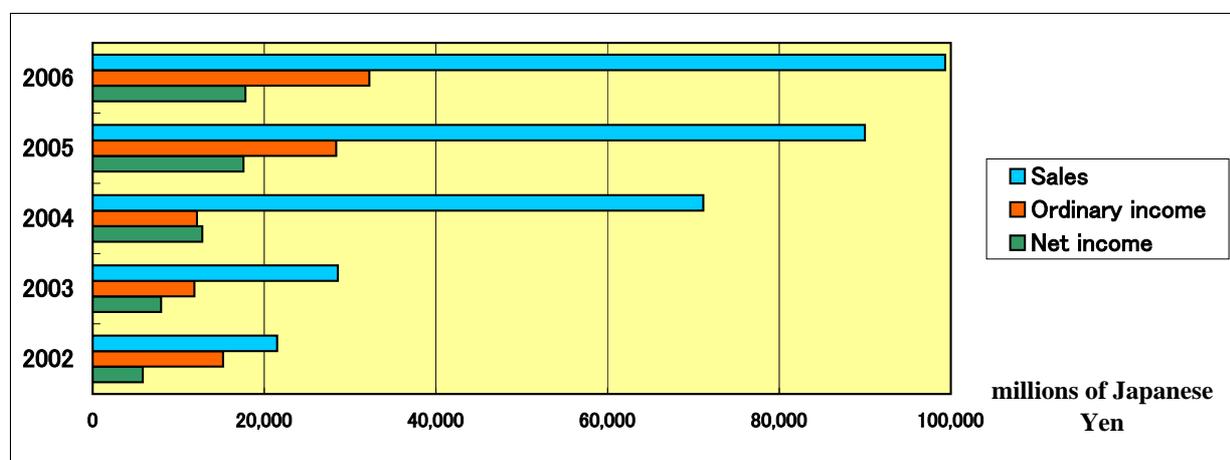
In U.S. Dollars for Convenience Purposes

(In thousands of U.S. Dollars)

FOR THE YEAR	Years ended March 31,				
	2006	2005	2004	2003	2002
Sales	\$845,629	\$765,945	\$605,664	\$243,224	\$182,972
Ordinary income (loss)	274,459	241,520	103,404	100,943	129,328
Net income (loss)	151,518	149,664	108,725	67,887	49,603
Per share(unit:\$)	2.12	2.08	1.47	0.91	0.68
AT YEAR-END					
Stockholders' equity	1,127,365	912,643	766,242	724,731	721,990
Total assets	1,568,894	1,229,092	1,051,707	1,044,409	1,027,554

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥117.47 = \$ 1 as of March 31, 2006.
2. All figures are prepared under accounting principles generally accepted in Japan.
3. All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S.Dollars.



YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2006 and 2005

In Japanese Yen

	(In millions of Japanese Yen)			(In millions of Japanese Yen)	
	2006	2005		2006	2005
Current assets			Current liabilities		
Cash and deposits at banks	¥56,851	¥34,725	Trade notes and accounts payable	¥9,784	¥8,314
Trade notes and accounts receivable	26,439	22,555	Short-term loans payable	9,895	3,465
Inventories	10,369	9,108	Others	9,469	8,879
Others	3,683	3,745	Total current liabilities	29,149	20,659
Allowance for doubtful accounts	(27)	(25)			
Total current assets	97,317	70,109	Long-term loans payable	2,150	2,475
Property, plant and equipment, net			Accrued retirement benefits	1,816	1,604
Buildings and structures	8,179	8,368	Deferred income tax liabilities	7,913	4,549
Machinery, equipment and vehicles	11,393	12,441	Others	1,530	1,569
Land	18,159	16,678	Total liabilities	42,559	30,858
Others	1,958	806			
Total property, plant and equipment	39,690	38,295	Minority stockholders' equity in consolidated subsidiaries	9,306	6,314
Intangible fixed assets	723	409	Common stock	7,996	7,996
Investments, etc.			Additional paid in capital	3,438	4,428
Investments in securities	18,363	13,224	Retained earnings	115,352	99,684
Investments in capital	27,413	21,629	Unrealized gain on revaluation of securities	3,925	2,388
Others	951	880	Translation adjustments	2,603	(6,413)
Allowance for doubtful accounts	(163)	(166)	Treasury stocks	(885)	(877)
Total investments	46,566	35,567	Total stockholders' equity	132,431	107,208
Total assets	¥184,298	¥144,381	Total liabilities and stockholders' equity	¥184,298	¥144,381

In U.S. Dollars for Convenience Purposes

(Note 1)

	(In thousands of U.S. Dollars)			(In thousands of U.S. Dollars)	
	2006	2005		2006	2005
Current assets			Current liabilities		
Cash and deposits at banks	\$483,967	\$295,609	Trade notes and accounts payable	\$83,290	\$70,783
Trade notes and accounts receivable	225,077	192,009	Short-term loans payable	84,242	29,504
Inventories	88,274	77,538	Others	80,607	75,585
Others	31,357	31,886	Total current liabilities	248,140	175,874
Allowance for doubtful accounts	(232)	(215)			
Total current assets	828,444	596,828	Long-term loans payable	18,306	21,070
Property, plant and equipment, net			Accrued retirement benefits	15,461	13,661
Buildings and structures	69,630	71,237	Deferred income tax liabilities	67,369	38,729
Machinery, equipment and vehicles	96,993	105,915	Others	13,025	13,359
Land	154,584	141,985	Total liabilities	362,303	262,695
Others	16,673	6,862			
Total property, plant and equipment	337,881	326,000	Minority stockholders' equity in consolidated subsidiaries	79,225	53,754
Intangible fixed assets	6,161	3,482	Common stock	68,074	68,074
Investments, etc.			Additional paid in capital	29,274	37,703
Investments in securities	156,327	112,576	Retained earnings	981,973	848,597
Investments in capital	233,367	184,131	Unrealized gain on revaluation of securities	33,419	20,335
Others	8,103	7,491	Translation adjustments	22,161	(54,592)
Allowance for doubtful accounts	(1,390)	(1,418)	Treasury stocks	(7,537)	(7,473)
Total investments	396,407	302,781	Total stockholders' equity	1,127,365	912,643
Total assets	\$1,568,894	\$1,229,092	Total liabilities and stockholders' equity	\$1,568,894	\$1,229,092

Notes:

- U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥117.47 = \$ 1 as of March 31, 2006.
- All figures are prepared under accounting principles generally accepted in Japan.
- All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2006 and 2005

In Japanese Yen

(In millions of Japanese Yen)

	<u>2006</u>	<u>2005</u>
Sales	¥99,336	¥89,975
Cost of goods sold	77,077	69,220
Operating expenses	7,224	6,045
Operating income (loss)	15,033	14,709
Non operating revenues	17,678	14,303
Non operating expenses	471	641
Ordinary income	32,240	28,371
Special gains	139	128
Special losses	259	4,049
Income before taxes	32,120	24,450
Income taxes		
Current	10,544	6,141
Deferred	1,996	(332)
Total income taxes	12,541	5,809
Minority stockholders' interest	1,780	1,060
Net income	<u>¥17,798</u>	<u>¥17,581</u>

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

(In thousands of U.S. Dollars)

	<u>2006</u>	<u>2005</u>
Sales	\$845,629	\$765,945
Cost of goods sold	656,147	589,262
Operating expenses	61,504	51,462
Operating income (loss)	127,977	125,220
Non operating revenues	150,496	121,763
Non operating expenses	4,014	5,463
Ordinary income	274,459	241,520
Special gains	1,184	1,096
Special losses	2,209	34,474
Income before taxes	273,435	208,142
Income taxes		
Current	89,763	52,278
Deferred	16,999	(2,828)
Total income taxes	106,762	49,450
Minority stockholders' interest	15,153	9,027
Net income	<u>\$151,518</u>	<u>\$149,664</u>

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 117.47 = \$ 1 as of March 31, 2006.
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
ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS
Years ended March 31, 2006 and 2005

In Japanese Yen

(In millions of Japanese Yen)

	2006	2005
Additional paid-in capital		
Balance at the beginning of period	4,428	5,099
Cancellation of treasury stocks	(990)	(670)
Balance at the end of period	¥3,438	¥4,428
Retained earnings		
Balance at the beginning of period	99,684	83,555
Current net income	17,798	17,581
Cash dividends paid	(2,064)	(1,390)
Bonus to directors	(66)	(61)
Balance at the end of period	¥115,352	¥99,684

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

(In thousands of U.S. Dollars)

	2006	2005
Additional paid-in capital		
Balance at the beginning of period	37,703	43,407
Cancellation of treasury stocks	(8,428)	(5,704)
Balance at the end of period	\$29,274	\$37,703
Retained earnings		
Balance at the beginning of period	848,597	711,293
Current net income	151,518	149,664
Cash dividends paid	(17,577)	(11,832)
Bonus to directors	(565)	(527)
Balance at the end of period	\$981,973	\$848,597

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥ 117.47 = \$ 1 as of March 31, 2006.
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 STATEMENT OF CASH FLOWS
Year ended March 31, 2006

I Cash flows from operating activities

	Millions of Japanese Yen	Thousands of U.S.Dollars
Income before taxes	¥ 32,120	\$ 273,435
Depreciation and amortization	3,877	33,007
Interest and dividends	(874)	(7,446)
Interest expenses	439	3,739
Equity in earnings of affiliated companies	(15,759)	(134,155)
Increase in receivable	(2,217)	(18,880)
Increase in inventories	(707)	(6,023)
Increase in payable	529	4,510
Others	168	1,438
	17,576	149,626
Interest and dividends received	12,319	104,872
Interest paid	(418)	(3,559)
Income taxes paid	(9,297)	(79,147)
Net cash flows from operating activities	20,180	171,791

II Cash flows from investing activities

Payment for time deposits	(8,639)	(73,542)
Proceeds from time deposits	477	4,060
Purchase of investment securities	(443)	(3,777)
Proceeds from sale of investment securities	204	1,741
Purchase of fixed assets	(4,021)	(34,231)
Others	223	1,902
Net cash used by investing activities	(12,198)	(103,847)

III Cash flows from financing activities

Purchase of treasury stocks	(997)	(8,492)
Proceeds from short-term loans	4,938	42,036
Repayment of long-term loans	(128)	(1,096)
Dividends paid	(2,063)	(17,569)
Net cash provided for financing activities	1,747	14,879

Effect of exchange rate changes on cash and cash equivalents	3,568	30,376
Net increase in cash and cash equivalents	13,297	113,199
Cash and cash equivalents at beginning of year	34,258	291,635
Cash and cash equivalents at end of year	47,556	404,835

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 117.47 = \$ 1 as of March 31, 2006.
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, 2006)

(1) Total number of shares to be issued.....	171,257,770
Total number of shares issued	73,100,000
Total number of shares holders	5,745

(2) Distribution of shares (by holder)

Kind of holder	No. of persons	No. of stocks held	Ratio of stocks held
Banking facilities	63	19,910,840	27.23
Security companies	30	661,935	0.91
Other corporations	99	18,296,945	25.03
Foreign corporations	144	16,741,405	22.90
(Individual foreigners among the foreign corporations)	4	6,000	0.01
Individual persons and others	5,409	17,488,875	23.93
Total	5,745	73,100,000	100

(3) Dividends

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

2006	2005	2004	2003	2002	
31	25	20	20	15	(Unit : Japanese Yen)
0.26	0.21	0.17	0.17	0.13	(Unit : U.S. Dollar)

Notes:

U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥ 117.47 = \$ 1 as of March 31, 2006.

Board of Directors

(As of March 31, 2006)

President	Senior Executive Director	Executive Director	Executive Advisor	Auditors
Hiroyuki Inoue	Yoshiro Inoue	Kazumi Kajihara	Shigeo Kawata	Takeshi Kanamori
				Morimasa Yoshida
				Hisashi Sawada



YAMATO KOGYO CO., LTD.

380 Kibi, Otsu-ku, Himeji City, Hyogo Pref. 671-1192, Japan

Phone: Japan (81), Himeji (079) 273-1061 Fax: Japan (81), Himeji (079) 273-9337