

ANNUAL REPORT 2014

MARCH 31, 2014

YAMATO KOGYO CO., LTD.

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Group Vision



President Hiroyuki Inoue

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

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

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

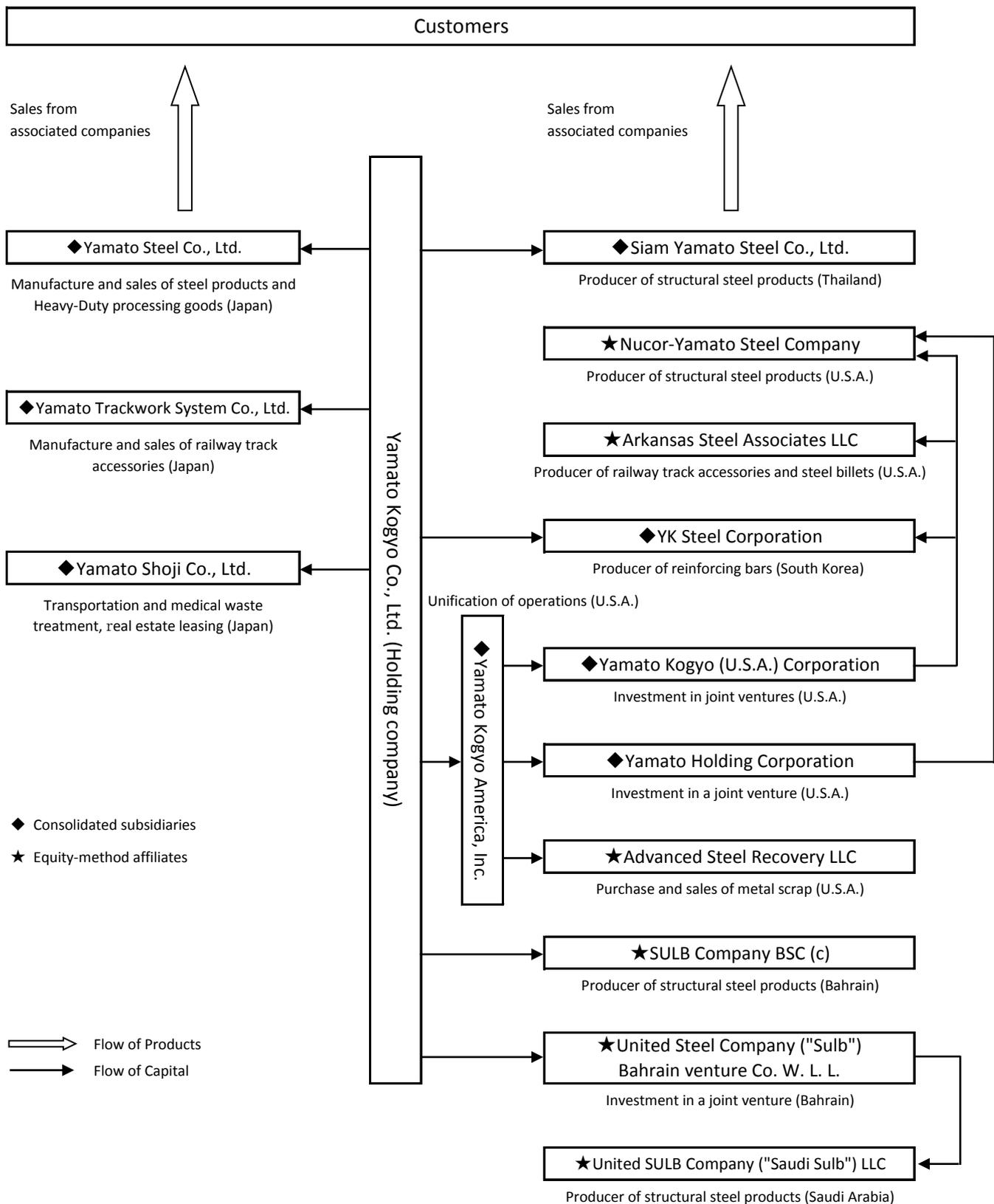
Under the umbrella of Yamato Kogyo, Co., Ltd. lies the various arms of the Yamato Kogyo Group, including Yamato Steel Co., Ltd. and Yamato Trackwork System Co., Ltd. More than sixty years of experience of working with steel has shown that there are still many secrets that remain unexplored. By using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

- Five Lessons of Stream of Water -

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

Corporate Structure and Affiliates

As of March 31, 2014



*1 In May of 2013, United Steel Company ("Sulb") BSC (c) changed its corporate name to SULB Company BSC (c)..

*2 We have stakes in 2 non-consolidated subsidiary not accounted for by the equity method and 3 affiliates not accounted for by the equity method, however these have been omitted as they are immaterial.

YAMATO KOGYO CO., LTD.
OPERATING RESULTS FOR THE FISCAL YEAR
ENDED MARCH 31, 2014

1. Business Performance and Financial Status

(1) Business Performance

① Status During the Current Fiscal Year

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

In Japan, demand has grown for products that are related to construction and civil works, but such demand has not resulted in a full-fledged improvement of our earnings because of the negative effects of an electricity price hike and the shortage of available workers in the transportation of steel products and work sites. Shipbuilders, who are our major customers for heavy-duty machined products, saw an increase in receipt of shipbuilding orders, but their improved order intake has not led to our better result.

In South Korea and Thailand, where we have consolidated subsidiaries, and in the United States, the Kingdom of Bahrain and the Kingdom of Saudi Arabia, where we have affiliated companies with equity method applied, the business performance for January through December of 2013 is reflected in the current consolidated fiscal year.

YK Steel Corporation in South Korea is going through an increasingly tough situation because of an increased depreciation burden on top of sluggish demand in the construction industry and sagging rebar prices. Siam Yamato Steel Co., Ltd. in Thailand, meanwhile, increased the profit compared with the previous year, due to the strong demand.

In addition, no significant change was seen at any of our U.S. affiliates accounted for under the equity method. SULB Company BSC(c), another equity-method affiliate that went into commercial production at the end of July 2013, faced very tough competition in sales of its products. They are making company-wide sales efforts involving all production and sales forces.

As a result of the above, sales for the current consolidated fiscal year were 193,630 million yen (an increase of 34,707 million yen in comparison with the previous year), operating income was 8,506million yen (an increase of 3,033 million yen comparison with the previous year), ordinary income was 19,691 million yen (an increase of 6,160 million yen in comparison with the previous year), and the net income for the current fiscal year was 9,532 million yen (an increase of 1,850 million yen in comparison with the previous year).

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

(Each company's fiscal year is from January to December 2013)
97.99 yen/U.S. dollar, 3.18 yen/baht, and 11.18 won/yen

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

(Each company's fiscal year is from January to December 2012)
80.11 yen/U.S. dollar, 2.58 yen/baht, and 14.07 won/yen

We report the business results of the segment as follows:

Steel (Japan)

In Japan, we see that demand is picking up in the construction and civil engineering industries, however, we continue to receive very few orders from shipbuilders, and we are suffering from the impact of an increase in power rates. As a result, sales were 52,263 million yen (an increase of 14,443 million yen in comparison with the previous year), and the operating income was 3,254 million yen (an increase of 1,836 million yen in comparison with the previous year).

Steel (South Korea)

Due to the increasingly tough situation because of an increased depreciation and sluggish demand in the construction industry, sales were 57,102 million yen (an increase of 7,291 million yen in comparison with the previous year), the operating loss was 3,549 million yen (the operating loss of 329 million yen was posted during the previous year).

Steel (Thailand)

Due to the strong demand, sales were 77,648 million yen (an increase of 13,325 million yen in comparison with the previous year). The operating income was 9,303 million yen (an increase of 4,877 million yen in comparison with the previous year).

Railway Track Accessories

Sales were 6,346 million yen (a decrease of 344 million yen in comparison with the previous year), and the operating income was 987 million yen (a decrease of 224 million yen in comparison with the previous year).

Other Business Sectors

Other sales were 269 million yen, (a decrease of 9 million yen in comparison with the previous year) and operating income was 18 million yen (an increase of 1 million yen in comparison with the previous year).

② Future Outlook

We expect the business environment affecting our group in Japan to provide steady demand for products related to construction and civil works while requiring us to pay for high electricity bills and other increasing costs. We should also expect slowing demand for the products manufactured by our subsidiary in Thailand, Siam Yamato Steel Co., Ltd., because of the effect of political turmoil.

As a result of the above, the forecast for the entire fiscal year is as follows: Sales of 180,000 million yen, operating income of 6,500 million yen, ordinary income of 17,000 million yen, and net income of 9,000 million yen.

Please note that the exchange rates used to convert revenues and expenses of our overseas subsidiaries and affiliates are based on their fiscal year, January to December, 2014. The rates are as follows:

Average rate: 96.89 yen/U.S. dollar, 2.97 yen/baht, and 10.11 won/yen

Current rate: 95.00 yen/U.S. dollar, 2.92 yen/baht, and 10.00 won/yen

(2) Analysis of Financial Status

Total assets at the end of the current consolidated fiscal year were 310,236 million yen, an increase of 54,229 million yen in comparison with the end of the previous consolidated fiscal year. This was due to increase in the assets for our foreign subsidiaries due to fluctuations in exchange rates.

Liabilities were 50,554 million yen, an increase of 6,497 million yen in comparison with the end of the previous consolidated fiscal year. This was due to increase in the liabilities for our foreign subsidiaries due to fluctuations in exchange rates.

Also, net assets were 259,682 million yen, an increase of 47,732 million yen in comparison with the end of the previous consolidated fiscal year. This was due to factors such as increase in net income, decrease by the payment of dividends, and an increase of 34,715 million yen in foreign currency translation adjustment.

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

(The end of fiscal year for each overseas company is end of December 2013)
105.40 yen/U.S. dollar, 3.21 yen/baht, and 10.01 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 2012)
86.58 yen/U.S. dollar, 2.82 yen/baht, and 12.37 won/yen

(Cash Flows from Operating Activities)

The increase in funds from operating activities was 16,932 million yen, primarily due to the income before income taxes, and cash dividend from affiliated companies in U.S. with equity method applied.

(Cash Flows from Investing Activities)

The decrease in funds from investing activities was 24,901 million yen, primarily due to payments into time deposits and purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

The decrease in funds from financing activities was 5,540 million yen, due to payment of dividend and repayment of long-term loans payable.

With the addition of 4,082 million yen, in effect of exchange rate changes on cash and cash equivalents, the balance of cash and cash equivalents at the end of the current consolidated fiscal year was 15,484 million yen, which is a decrease of 9,426 million yen in comparison with the end of the previous year.

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

We believe that the dividend shall be determined in view of the Group's consolidated performance, financial situation, and development of future policies based on internal reserves. Moreover, from the standpoint of medium- and long-term shareholder profits, the company has already acquired and retired 25,690,000 of its own shares.

Regarding the end-of-term dividend for the current fiscal year, taking into the consideration the latest result, we would like to pay 17 yen per share in response to the constant support from our shareholders (initial forecast was 15 yen per share). Please note that the planned annual dividend is 32 yen per share, which includes interim dividend of 15 yen.

Also, Regarding the dividend for the next fiscal year, the plan is for an annual dividend of 32 yen per share, with interim dividend of 16 yen per share, and the end-of-term dividend of 16 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.

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
FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA**

In Japanese Yen

(In millions of Japanese Yen)

Years ended March 31

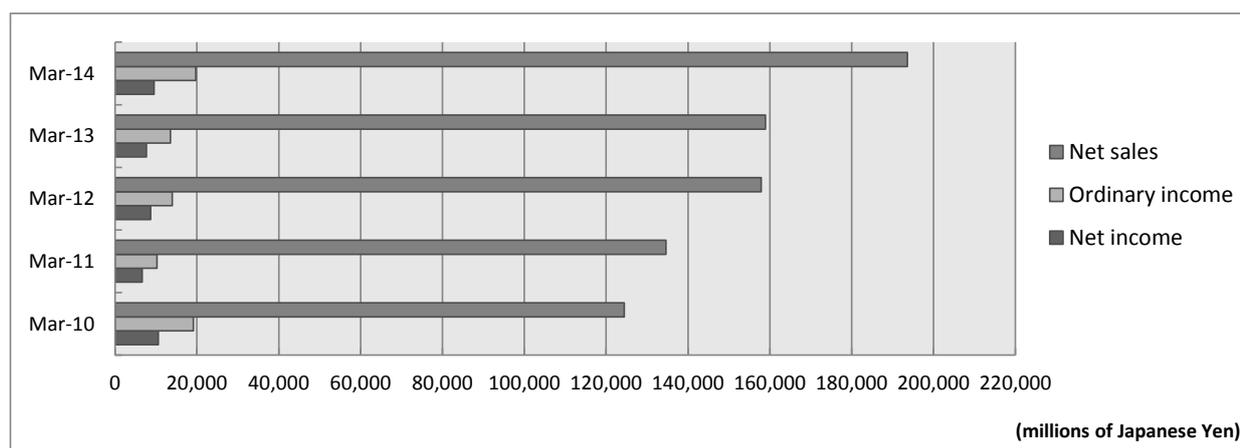
	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10
FOR THE YEAR					
Net sales	¥193,630	¥158,923	¥157,902	¥134,636	¥124,433
Ordinary income	19,691	13,531	13,978	10,217	19,136
Net income	9,532	7,681	8,688	6,604	10,538
Per share (unit:Yen)	139.79	112.82	127.79	96.31	152.49
AT YEAR END					
Net assets	259,682	211,949	183,521	185,104	196,579
Total assets	310,236	256,006	230,340	230,388	243,071

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

(In thousands of U.S. Dollars)

Years ended March 31

	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10
FOR THE YEAR					
Net sales	\$1,881,373	\$1,544,149	\$1,534,223	\$1,308,170	\$1,209,035
Ordinary income	191,329	131,474	135,821	99,275	185,935
Net income	92,617	74,636	84,418	64,168	102,395
Per share (unit:\$)	1.36	1.10	1.24	0.94	1.48
AT YEAR END					
Net assets	2,523,145	2,059,364	1,783,146	1,798,532	1,910,024
Total assets	3,014,345	2,487,432	2,238,051	2,238,516	2,361,751



Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 102.92 = \$1 as of March 31, 2014.
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, 2014 and 2013**

In Japanese Yen

(In millions of Japanese Yen)

	Mar-14	Mar-13		Mar-14	Mar-13
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	¥73,058	¥60,526	Notes and accounts payable-trade	¥19,887	¥15,343
Notes and accounts receivable-trade	34,917	30,146	Short-term loans payable	1,797	2,086
Merchandise and finished goods	15,949	13,216	Income taxes payable	1,583	625
Work in process	457	359	Provision for bonuses	437	418
Raw materials and supplies	19,413	16,282	Other	8,355	6,999
Other	3,334	1,538	Total current liabilities	32,061	25,472
Allowance for doubtful accounts	(18)	(14)			
Total current assets	147,114	122,055	Noncurrent liabilities		
			Long-term loans payable	3,466	5,640
Noncurrent assets			Deferred tax liabilities	10,755	9,096
Property, plant and equipment			Provision for retirement benefits	—	2,192
Buildings and structures, net	15,151	14,521	Provision for directors' retirement benefits	1,426	1,370
Machinery, equipment and vehicles, net	32,323	31,569	Net defined benefit liability	2,649	—
Land	16,535	14,462	Other	194	284
Construction in progress	565	343	Total noncurrent liabilities	18,492	18,583
Other, net	296	293	Total liabilities	50,554	44,056
Total property, plant and equipment	64,872	61,189	Net assets		
			Shareholders' equity		
Intangible assets			Capital stock	7,996	7,996
Goodwill	1,978	2,337	Capital surplus	341	341
Other	352	354	Retained earnings	231,428	223,913
Total intangible assets	2,330	2,691	Treasury stocks	(588)	(588)
			Total shareholders' equity	239,177	231,663
Investments and other assets			Accumulated other comprehensive income		
Investments securities	47,240	40,977	Valuation difference on available-for-sale securities	3,408	2,526
Investments in capital	35,432	26,817	Foreign currency translation adjustment	928	(33,786)
Long-term time deposits	10,540	—	Remeasurements of defined benefit plans	180	—
Net defined benefit asset	2,089	—	Total accumulated other comprehensive income	4,517	(31,259)
Other	844	2,462			
Allowance for doubtful accounts	(228)	(188)	Minority interests	15,987	11,546
Total investments and other assets	95,919	70,068			
Total noncurrent assets	163,122	133,950	Total net assets	259,682	211,949
Total assets	¥310,236	¥256,006	Total liabilities and net assets	¥310,236	¥256,006

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

(In thousands of U.S. Dollars)

	Mar-14	Mar-13		Mar-14	Mar-13
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	\$709,861	\$588,095	Notes and accounts payable-trade	\$193,233	\$149,079
Notes and accounts receivable-trade	339,265	292,913	Short-term loans payable	17,465	20,275
Merchandise and finished goods	154,970	128,416	Income taxes payable	15,388	6,073
Work in process	4,449	3,492	Provision for bonuses	4,249	4,064
Raw materials and supplies	188,630	158,210	Other	81,184	68,008
Other	32,403	14,945	Total current liabilities	311,522	247,502
Allowance for doubtful accounts	(176)	(144)			
Total current assets	1,429,404	1,185,928	Noncurrent liabilities		
			Long-term loans payable	33,684	54,799
Noncurrent assets			Deferred tax liabilities	104,506	88,384
Property, plant and equipment			Provision for retirement benefits	—	21,303
Buildings and structures, net	147,220	141,091	Provision for directors' retirement benefits	13,856	13,313
Machinery, equipment and vehicles, net	314,061	306,733	Net defined benefit liability	25,739	—
Land	160,660	140,525	Other	1,892	2,764
Construction in progress	5,497	3,334	Total noncurrent liabilities	179,678	180,565
Other, net	2,877	2,853	Total liabilities	491,200	428,067
Total property, plant and equipment	630,317	594,538	Net assets		
			Shareholders' equity		
Intangible assets			Capital stock	77,698	77,698
Goodwill	19,220	22,715	Capital surplus	3,315	3,315
Other	3,426	3,440	Retained earnings	2,248,624	2,175,610
Total intangible assets	22,646	26,155	Treasury stocks	(5,722)	(5,714)
			Total shareholders' equity	2,323,916	2,250,909
Investments and other assets			Accumulated other comprehensive income		
Investments securities	459,006	398,150	Valuation difference on available-for-sale securities	33,117	24,550
Investments in capital	344,275	260,565	Foreign currency translation adjustment	9,021	(328,281)
Long-term time deposits	102,409	—	Remeasurements of defined benefit plans	1,753	—
Net defined benefit asset	20,299	—	Total accumulated other comprehensive income	43,892	(303,731)
Other	8,203	23,924			
Allowance for doubtful accounts	(2,217)	(1,830)	Minority interests	155,336	112,186
Total investments and other assets	931,976	680,809			
Total noncurrent assets	1,584,940	1,301,503	Total net assets	2,523,145	2,059,364
Total assets	\$3,014,345	\$2,487,432	Total liabilities and net assets	\$3,014,345	\$2,487,432

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥102.92 = \$1 as of March 31, 2014.
2. All figures are prepared under accounting principles generally accepted in Japan.
3. All figures are rounded down to the nearest millions of Japanese Yen or thousands of U.S. Dollars.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended March 31, 2014 and 2013

In Japanese Yen

(In millions of Japanese Yen)

	Mar-14	Mar-13
Net sales	¥193,630	¥158,923
Cost of sales	172,195	142,693
Selling, general and administrative expenses	12,928	10,757
Operating income	8,506	5,472
Non-operating income	12,160	9,563
Non-operating expenses	975	1,504
Ordinary income	19,691	13,531
Extraordinary income	10	373
Extraordinary loss	367	357
Income before income taxes	19,334	13,547
Income taxes		
Income taxes-current	6,752	4,411
Income taxes-deferred	239	7
Total income taxes	6,992	4,419
Income before minority interests	12,342	9,128
Minority interests in income	2,809	1,446
Net income	¥9,532	¥7,681

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

(In thousands of U.S. Dollars)

	Mar-14	Mar-13
Net sales	\$1,881,373	\$1,544,149
Cost of sales	1,673,100	1,386,450
Selling, general and administrative expenses	125,620	104,523
Operating income	82,651	53,175
Non-operating income	118,159	92,916
Non-operating expenses	9,481	14,618
Ordinary income	191,329	131,474
Extraordinary income	98	3,631
Extraordinary loss	3,570	3,476
Income before income taxes	187,857	131,628
Income taxes		
Income taxes-current	65,610	42,861
Income taxes-deferred	2,327	76
Total income taxes	67,937	42,937
Income before minority interests	119,919	88,691
Minority interests in income	27,302	14,054
Net income	\$92,617	\$74,636

Notes:

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

**YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended March 31, 2013 and 2012**

In Japanese Yen

(In millions of Japanese Yen)

	Mar-14	Mar-13
Income before minority interests	¥12,342	¥9,128
Other comprehensive income		
Valuation difference on available-for-sale securities	882	645
Foreign currency translation adjustment	36,335	20,136
Total other comprehensive income	37,218	20,782
Comprehensive income	¥49,560	¥29,910
(Breakdown)		
Comprehensive income attributable to owners of the parent	45,129	27,017
Comprehensive income attributable to minority interests	4,431	2,893

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

(In thousands of U.S. Dollars)

	Mar-14	Mar-13
Income before minority interests	\$119,919	\$88,691
Other comprehensive income		
Valuation difference on available-for-sale securities	8,578	6,273
Foreign currency translation adjustment	353,045	195,655
Total other comprehensive income	361,624	201,928
Comprehensive income	\$481,544	\$290,620
(Breakdown)		
Comprehensive income attributable to owners of the parent	438,486	262,506
Comprehensive income attributable to minority interests	43,057	28,113

Notes:

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

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Year Ended March 31, 2014

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, 2013	¥7,996	¥341	¥223,913	(¥588)	¥231,663
Changes of items during the period					
Dividends from surplus			(2,017)		(2,017)
Net income			9,532		9,532
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	7,514	(0)	7,513
Balance at March 31, 2014	¥7,996	¥341	¥231,428	(¥588)	¥239,177

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2013	¥2,526	(¥33,786)	—	(¥31,259)	¥11,546	¥211,949
Changes of items during the period						
Dividends from surplus						(2,017)
Net income						9,532
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	881	34,715	180	35,777	4,440	40,218
Total changes of items during the period	881	34,715	180	35,777	4,440	47,732
Balance at March 31, 2014	¥3,408	¥928	¥180	4,517	¥15,987	¥259,682

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, 2013	\$77,698	\$3,315	\$2,175,610	(\$5,714)	\$2,250,909
Changes of items during the period					
Dividends from surplus			(19,602)		(19,602)
Net income			92,617		92,617
Purchase of treasury stock				(7)	(7)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	73,014	(7)	73,007
Balance at March 31, 2014	\$77,698	\$3,315	\$2,248,624	(\$5,722)	\$2,323,916

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2013	\$24,550	(\$328,281)	—	(\$303,731)	\$112,186	\$2,059,364
Changes of items during the period						
Dividends from surplus						(19,602)
Net income						92,617
Purchase of treasury stock						(7)
Net changes of items other than shareholders' equity	8,567	337,302	1,753	347,623	43,149	390,773
Total changes of items during the period	8,567	337,302	1,753	347,623	43,149	463,780
Balance at March 31, 2014	\$33,117	\$9,021	\$1,753	\$43,892	\$155,336	\$2,523,145

Notes:

- U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥ 102.92 = \$1 as of March 31, 2014.
- 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 CASH FLOWS
Year Ended March 31, 2014

	In millions of Japanese Yen	In thousands of U.S. Dollars
(Note1)		
I . Cash flows from operating activities		
Income before income taxes	¥19,334	\$187,857
Depreciation and amortization	7,070	68,697
Interest and dividends income	(788)	(7,662)
Interest expenses	520	5,057
Equity in earnings of affiliates	(10,169)	(98,807)
Increase in notes and accounts receivable-trade	(1,912)	(18,582)
Decrease in inventories	(2,289)	(22,244)
Decrease in notes and accounts payable-trade	2,185	21,235
Other, net	48	466
Subtotal	13,999	136,018
Interest and dividends income received	9,822	95,435
Interest expenses paid	(550)	(5,347)
Income taxes paid	(6,338)	(61,587)
Net cash used in operating activities	16,932	164,519
II . Cash flows from investment activities		
Payments into time deposits	(32,190)	(312,771)
Proceeds from withdrawal of time deposits	9,345	90,801
Purchase of property, plant and equipment	(2,550)	(24,784)
Proceeds from sales of property, plant and equipment	12	119
Purchase of investment securities	(2)	(19)
Proceeds from redemption of investment securities	500	4,858
Other, net	(15)	(154)
Net cash used in investment activities	(24,901)	(241,951)
III . Cash flows from financing activities		
Repayment of long-term loans payable	(3,498)	(33,987)
Purchase of treasury stock	(0)	(7)
Cash dividends paid	(2,016)	(19,589)
Cash dividends paid to minority shareholders	(1)	(14)
Other, net	(24)	(234)
Net cash used in financing activities	(5,540)	(53,832)
IV . Effect of exchange rate change on cash and cash equivalents	4,082	39,670
V . Net decrease in cash and cash equivalents	(9,426)	(91,593)
VI . Cash and cash equivalents at beginning of year	24,911	242,048
VII . Cash and cash equivalents at end of year	¥15,484	\$150,454

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥102.92 = \$1 as of March 31, 2014.
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, 2014)

(1) Total number of shares authorized to be issued	171,257,770
Number of shares outstanding	69,750,000
Total number of shareholders	3,297

(2) Distribution of shares (by holder)

	Kind of holder	Number of shareholders	Number of shares held (unit)	Ratio of shares held (%)
Share (Number of one unit of shares :100)	Financial institutions	41	192,412	27.60
	Financial instrument dealers	31	2,421	0.35
	Other corporations	56	191,589	27.48
	Foreign corporations, etc. (Individuals)	312 (3)	173,073 (23)	24.82 (0.00)
	Japanese individuals and other	2,857	137,710	19.75
	Total	3,297	697,205	100.00
Shares less than one unit		—	29,500	—

(3) Dividends

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

2014	2013	2013	2012	2012	
Mar.	Sep.	Mar.	Sep.	Mar.	
17	15	15	15	15	(Unit : Japanese Yen)
0.17	0.15	0.15	0.15	0.15	(Unit : U.S. Dollar)

Note: U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥ 102.92= \$1 as of March 31, 2014.

Board of Directors

(As of March 31, 2014)

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

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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