

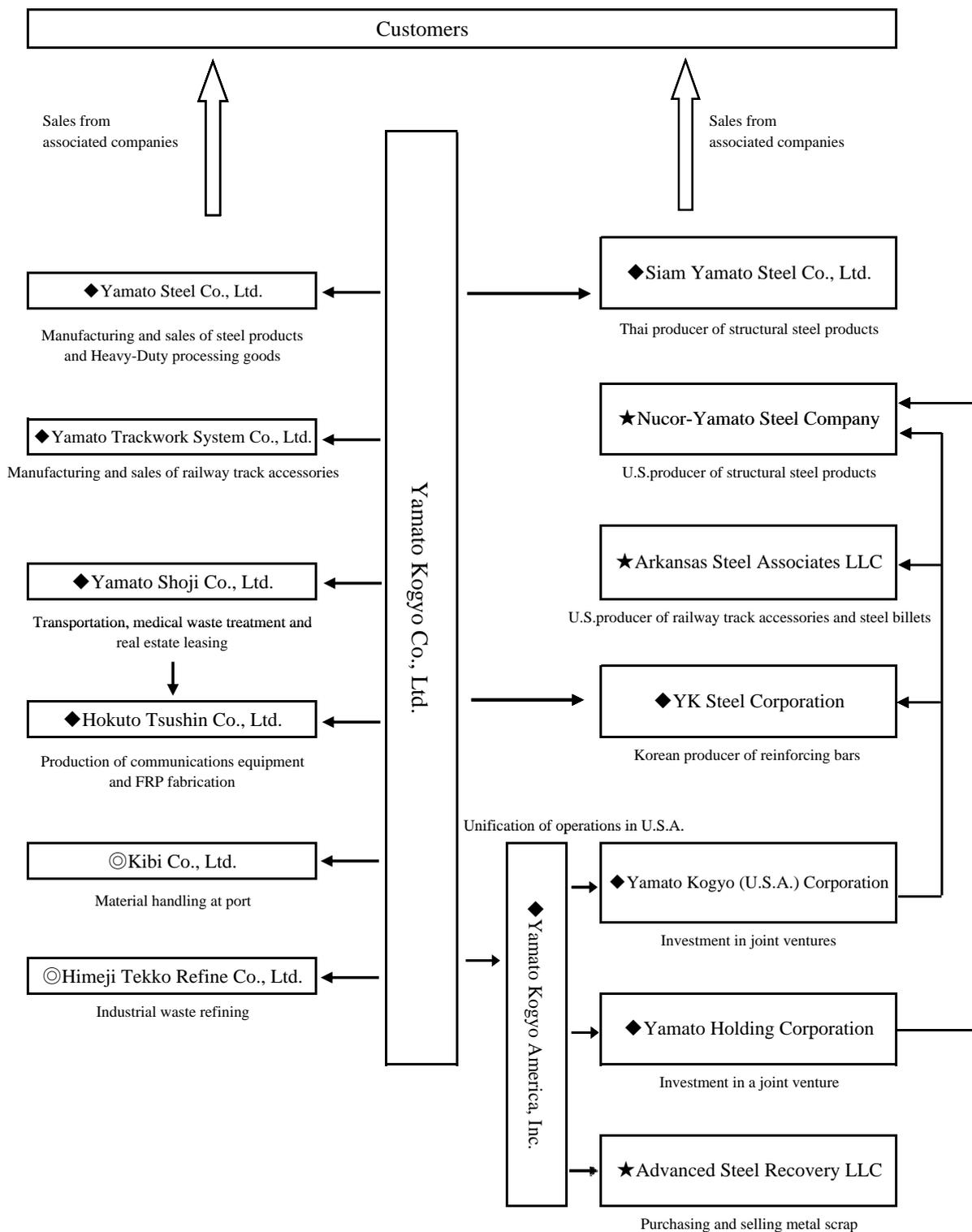
SEMI-ANNUAL REPORT 2008

SEPTEMBER 30, 2008

YAMATO KOGYO CO., LTD.

Contents

Corporate Structure and Affiliates.....	2
Operating Results For The Six Months Period Ended September 30, 2008	3
Consolidated Balance Sheets	10
Consolidated Statements of Income	10
Consolidated Statement of Changes in Net Assets.....	11
Consolidated Statement of Cash Flows	12
Situation of Issue Shares	13
Board of Directors	13



- ◆ Consolidated Subsidiary 9
- ★ Affiliate 3
- ◎ Other Affiliate 2

- ⇨ Flow of Products
- Flow of Capital

YAMATO KOGYO CO., LTD.
OPERATING RESULTS FOR THE SIX MONTHS PERIOD
ENDED SEPTEMBER 30, 2008

1. Business Performance

(1) Analysis of Business Performance

① Status During the Current Mid-Term Consolidated Accounting Period

During the current mid-term consolidated accounting period, the business environment for our Company's group was characterized by dramatic increases in the price of steel scrap, our primary raw material, as well as progressively higher prices for the secondary raw material such as alloy iron. Given this situation, our Company's group endeavored to improve sales prices so as to offset the higher cost of raw materials.

In Japan, we moved forward with our efforts to improve sales prices in response to the dramatic increases in the price of scrap steel, and we achieved greatly improved results in comparison to the first half of the current mid-term consolidated accounting period, due to the rapid drop in scrap steel prices during the second half of the current mid-term consolidated accounting period.

In South Korea, where we have a consolidated subsidiary, demand has continued to be favorable, resulting in good revenues on the whole. In Thailand, the restructuring of sales prices to offset higher raw material costs got off to a slow start, but business performance moved in a favorable direction, based on steady demand.

In the United States, where we have affiliated companies with equity method applied, the period of January to June, which is reflected in the current mid-term consolidated accounting period, was not greatly affected by the sub-prime loan problem, and business performance showed favorable progress.

In South Korea and Thailand, as a result of valuation of the derivative trading (including interest rate swaps accompanying loans), 2,333 million yen in valuation gain and 112 million yen in valuation loss were recorded for the current mid-term consolidated accounting period.

As a result of the above, consolidated sales were 119,823 million yen, operating profit was 11,583 million yen, and ordinary profit was 34,991 million yen. However, an extraordinary loss of 1,099 million yen was recorded for loss on valuation of investment securities; therefore the mid-term net profit was 19,048 million yen.

Siam Yamato Steel Co. Ltd., which had been an affiliated company with equity method applied, became a consolidated subsidiary. The effect of Siam Yamato Steel Company Limited on sales and operating profit is as next page.

(Comparisons with Previous Consolidated Accounting Period: Sales and Operating Profit)

(In millions of Japanese Yen)

	Previous Consolidated From: April 1, 2007 To: September 30, 2007		Current Consolidated From: April 1, 2008 To: September 30, 2008		Differences	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Previous criteria of	66,249	3,830	86,109	6,606	19,859	2,775
Siam Yamato Steel	—	—	33,713	4,976	33,713	4,976
Total	66,249	3,830	119,823	11,583	53,573	7,752

(Note) Due to the additional acquisition of shares on June, 2007, Siam Yamato Steel Co. Ltd., which had been an affiliated company with equity method applied, became a consolidated subsidiary. Since the date of acquisition is presumed to be at the end of the previous mid-term consolidated accounting period and sales, etc. are consolidated from the second half of the previous mid-term consolidated accounting period, sales, etc. are not included in the previous mid-term consolidated accounting period.

(Comparisons with Previous Accounting Period: Investment Profit on the Equity Method)

(In millions of Japanese Yen)

	Previous Consolidated From: April 1, 2007 To: September 30, 2007		Current Consolidated From: April 1, 2008 To: September 30, 2008		Differences	
	U.S.	17,917	17,917	19,779	19,779	1,861
Siam Yamato	2,065	2,065	—	—	(2,065)	(2,065)
Total	19,983	19,983	19,779	19,779	(204)	(204)

(Note) Due to the additional acquisition of shares on June, 2007, Siam Yamato Steel Co. Ltd., which had been an affiliated company with equity method applied, became a consolidated subsidiary. Since the date of acquisition is presumed to be at the end of the previous mid-term consolidated accounting period, equity method investment profit is reflected by the end of the previous mid-term consolidated accounting period.

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

● **Steel**

Dramatic price increases in steel scrap, our primary raw material, were absorbed by greater sales volumes and higher sales unit prices by our consolidated subsidiaries, and the business performance moved in a favorable direction. In addition, Siam Yamato Steel Company Limited in Thailand, which was an affiliated company with equity method applied during the previous mid-term consolidated accounting period, produced sales and operating profit as a consolidated subsidiary during the current mid-term consolidated accounting period. As a result of the above, sales for this business sector were 111,691 million yen, and operating profit was 11,946 million yen.

● **Railway Track Accessories**

Due to increased sales of assembly turnout equipment to JR, sales for this business sector were 2,217 million yen, and operating profit was 66 million yen.

● Heavy-Duty Machining

Profits improved due to revisions to sales prices and decrease in unit prices for the raw material, and sales for this business sector were 5,179 million yen, and operating profit was 176 million yen.

● Other Business Sectors

The FRP sector was faced with severe conditions, due to the effects of a decrease in new housing starts. The system for the treatment of medical waste (Messcud) is a safe and reliable system that is responsive to environmental needs, and utilizes melt-treatment at high temperatures, but sales have dropped due to stiff price competition.

Sales in the real estate sector fell dramatically, due to the sale of most real estate holdings during the previous consolidated fiscal year, and sales for this business sector were 734 million yen, and operating profit was 23 million yen.

② Future Outlook

The economy is currently undergoing a major slow-down along with the financial crisis occurring on a world-wide scale. Over-all industrial demand has dropped, and demand has also fallen sharply in the emerging countries, which have served as a locomotive for the economy.

In the context of such a rapidly changing economic environment, first the blast furnace steel manufacturers and then electric furnace steel manufacturers were forced to make large-scale reductions in their production capacity due to weak steel demand, and concern about worsening business performance is deepening.

Given this situation, two members of our Company's group, Yamato Steel in Japan and YK Steel Corporation in South Korea predicted that the difficulties in procuring raw materials would ease, due to the dramatic drop in scrap steel prices. However, the accompanying drop in steel prices is expected to continue in the future; therefore, there is no denying that the future is unclear.

Siam Yamato Steel Company Limited in Thailand predicts a slow-down in demand because of the world-wide financial crisis and the political unrest in Thailand.

Nucor-Yamato Steel Company in the United States has not been affected by the rapid cooling down of the economy due to the financial instability, and demand for formed steel has kept a steady pace. Nonetheless, it is impossible to predict what will happen in the future.

Based on the above, the forecast for the entire fiscal year is as follows: Sales of 216 billion yen, operating profit of 23 billion yen, ordinary profit of 59 billion yen, and net profit for the current accounting period of 33 billion yen.

Please note that the currency conversions are based on an exchange rate (average for the accounting period) of 104.07 yen/dollar, 3.17 yen/baht, and 10.55 won/yen.

(2) Analysis of Financial Status

Due to foreign exchange rate fluctuations, total assets at the end of the current mid-term consolidated accounting period are lower than the assets for our foreign subsidiaries at the end of the previous consolidated fiscal year. Nonetheless, total assets increased to 262,623 million yen, which is an increase of 11,112 million yen over the previous consolidated fiscal year. This is due to greater investment in affiliated companies with equity method applied, a rise in trade receivables resulting from higher sales prices, and increased inventory assets due to dramatic increases in the price of materials.

Liabilities are 66,891 million yen, an increase of 8,047 million yen in comparison with liabilities at the end of the previous consolidated fiscal year. This is due to procurement debt resulting from the drastic increase in the cost of materials.

Net assets amounted to 195,732 million yen, an increase of 3,065 million yen over the previous consolidated fiscal year. This is due to greater net profit in the current mid-term consolidated accounting period, decrease by the payment of dividends, and decrease in the foreign currency translation adjustment due to fluctuations in exchange rates.

(Cash Flows from Operating Activities)

Funds from operating activities increased by 10,603 million yen, primarily due to cash distributions from our U.S. affiliated companies with equity method applied.

(Cash Flows from Investing Activities)

Funds from investing activities decreased by 7,499 million yen, primarily due to investment in construction of a second plant for Siam Yamato Steel Company Limited.

(Cash Flows from Financing Activities)

Although dividend payments were made, funds from financing activities increased 536 million yen due to income from loans.

With the addition of a (5,872) 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 mid-term accounting period was 79,550 million yen, which is a decrease of 2,231 million yen in comparison to that at the end of the previous consolidated fiscal year.

(3) Basic Policy Regarding Profit Allocation and Dividends for the Current and Next Accounting Period

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.

Regarding the distribution of profits for the current mid-term accounting period: in response to the constant support from our shareholders, we would like to pay a dividend of 25 yen per share. It should be noted that, with the inclusion of the mid-term dividend, the planned annual distribution of profit is 50 yen per share.

(4) 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 judgment based on data as of today.

① 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.

② 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.

③ **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.

2. 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 manufacture 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 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.

(3) 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 cope with the tough business environment these days, our Company's group aims to improve productivity and to reduce costs by renewing and expanding manufacturing facilities at our operations in Japan and overseas, so as to achieve greater profitability as a group.

In the case of Siam Yamato Steel Company Limited, we are building a second plant for producing medium and small-sized formed steel with an annual capacity of 400,000 tons, and scheduled for completion in mid-2009. This plant will enable us to enhance our ability to meet the growing demand in Thailand and other markets in Southeast Asia.

At the same time, progress has been made in a feasibility study for establishing a formed steel business in the Middle East region, where there is predicted to be increasing demand in the future. On May 20, 2008, a shareholders' agreement was entered into to establish a joint venture with Gulf Industrial Investment Co. in Bahrain.

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.

YAMATO KOGYO CO., LTD.
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2008 and 2007

In Japanese Yen

	(In millions of Japanese Yen)			(In millions of Japanese Yen)	
	2008	2007		2008	2007
Current assets			Current liabilities		
Cash and deposits	¥80,340	¥81,585	Notes and accounts payable-trade	¥24,945	¥20,979
Notes and accounts receivable-trade	45,906	42,343	Short-term loans payable	14,543	5,797
Inventories	29,201	23,751	Income taxes payable	2,788	2,673
Others	2,802	2,998	Others	8,846	7,133
Allowance for doubtful accounts	(126)	(124)	Total current liabilities	51,124	36,583
Total current assets	158,124	150,553			
Property, plant and equipment			Long-term loans payable	1,268	4,994
Buildings and structures	10,235	10,591	Provision for retirement benefits	1,996	2,188
Machinery, equipment and vehicles	12,815	14,613	Deferred tax liabilities	11,123	11,438
Land	17,068	18,365	Others	1,379	1,412
Others	7,665	4,255	Total liabilities	66,891	56,618
Total property, plant and equipment	47,785	47,826			
Intangible assets	4,307	5,178	Net assets		
Investments, etc.			Shareholders' equity		
Investments securities	9,261	16,747	Capital stock	7,996	7,996
Investments in capital	40,159	33,667	Capital surplus	1,052	1,813
Others	3,134	1,527	Retained earnings	186,992	153,141
Allowance for doubtful accounts	(148)	(148)	Treasury stock	(1,607)	(1,389)
Total investments	52,406	51,794	Total shareholder's equity	194,434	161,561
			Valuation and translation adjustments		
Total assets	¥ 262,623	¥255,352	Valuation difference on available-for-sale securities	2,112	6,228
			Deferred gains or losses on hedges	(3)	-
			Foreign currency translation adjustment	(9,111)	12,492
			Total valuation and translation adjustments	(7,003)	18,721
			Minority interests	8,300	18,451
			Total net assets	195,732	198,734
			Total liabilities and net assets	¥262,623	¥255,352

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

	(In thousands of U.S. Dollars)			(In thousands of U.S. Dollars)	
	2008	2007		2008	2007
Current assets			Current liabilities		
Cash and deposits	\$775,261	\$787,275	Notes and accounts payable-trade	\$240,718	\$202,446
Notes and accounts receivable-trade	442,985	408,598	Short-term loans payable	140,337	55,942
Inventories	281,788	229,196	Income taxes payable	26,907	25,795
Others	27,039	28,935	Others	85,370	68,838
Allowance for doubtful accounts	(1,220)	(1,206)	Total current liabilities	493,333	353,023
Total current assets	1,525,854	1,452,799			
Property, plant and equipment			Long-term loans payable	12,235	48,191
Buildings and structures	98,765	102,204	Provision for retirement benefits	19,265	21,120
Machinery, equipment and vehicles	123,668	141,016	Deferred tax liabilities	107,338	110,378
Land	164,706	177,223	Others	13,308	13,634
Others	73,970	41,065	Total liabilities	645,482	546,348
Total property, plant and equipment	461,111	461,511			
Intangible assets	41,564	49,966	Net assets		
Investments, etc.			Shareholders' equity		
Investments in securities	89,373	161,612	Capital stock	77,165	77,165
Investments in capital	387,529	324,883	Capital surplus	10,160	17,499
Others	30,243	14,738	Retained earnings	1,804,420	1,477,768
Allowance for doubtful accounts	(1,435)	(1,432)	Treasury stock	(15,508)	(13,407)
Total investments	505,711	499,802	Total shareholder's equity	1,876,239	1,559,025
			Valuation and translation adjustments		
Total assets	\$2,534,242	\$2,464,079	Valuation difference on available-for-sale securities	20,384	60,106
			Deferred gains or losses on hedges	(38)	-
			Foreign currency translation adjustment	(87,924)	120,550
			Total valuation and translation adjustments	(67,577)	180,657
			Minority interests	80,098	178,048
			Total net assets	1,888,759	1,917,730
			Total liabilities and net assets	\$2,534,242	\$2,464,079

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥103.63 = \$ 1 as of September 30, 2008.
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 Months Period Ended September 30, 2008 and 2007

In Japanese Yen

(In millions of Japanese Yen)

	<u>2008</u>	<u>2007</u>
Net sales	¥ 119,823	¥ 66,249
Cost of sales	102,567	57,948
Operating expenses	5,672	4,469
Operating income	11,583	3,830
Non operating income	24,027	22,788
Non operating expenses	619	220
Ordinary income	34,991	26,398
Extraordinary income	1	11
Extraordinary loss	1,118	94
Income before income taxes	33,874	26,315
Income taxes		
Income taxes-current	10,314	9,750
Income taxes-deferred	2,679	1,146
Total income taxes	12,993	10,896
Minority interests in income	1,831	636
Net income	¥ 19,048	¥ 14,782

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

(In thousands of U.S. Dollars)

	<u>2008</u>	<u>2007</u>
Net sales	\$ 1,156,258	\$ 639,285
Cost of sales	989,747	559,190
Operating expenses	54,735	43,127
Operating income	111,775	36,967
Non operating income	231,853	219,901
Non operating expenses	5,974	2,129
Ordinary income	337,654	254,739
Extraordinary income	12	110
Extraordinary loss	10,790	915
Income before income taxes	326,876	253,934
Income taxes		
Income taxes-current	99,529	94,086
Income taxes-deferred	25,857	11,061
Total income taxes	125,387	105,147
Minority interests in income	17,677	6,142
Net income	\$ 183,811	\$ 142,644

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥103.63 = \$ 1 as of September 30, 2008.
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 CHANGES IN NET ASSETS
For the Six-Month Period Ended September 30, 2008

In Japanese Yen

(In millions of Japanese Yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2008	¥7,996	¥1,142	¥169,913	(¥808)	¥178,245
Dividends from surplus			(1,693)		(1,693)
Net income			19,048		19,048
Purchase of treasury stock		(89)		(799)	(889)
Decrease Accompanying changes in accounting standards for overseas consolidated subsidiaries			(276)		(276)
Net changes of items other than shareholders' equity					-
Total	-	(89)	17,078	(799)	16,189
Balance at September 30, 2008	¥7,996	¥1,052	¥186,992	(¥1,607)	¥194,434

	Valuation and translation adjustments				Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance at March 31, 2008	¥2,600	-	¥3,829	¥6,430	¥7,990	¥192,666
Dividends from surplus				-		(1,693)
Net income				-		19,048
Purchase of treasury stock				-		(889)
Decrease Accompanying changes in accounting standards for overseas consolidated subsidiaries				-		(276)
Net changes of items other than shareholders' equity	(487)	(3)	(12,941)	(13,433)	309	(13,123)
Total	(487)	(3)	(12,941)	(13,433)	309	3,065
Balance at September 30, 2008	¥2,112	(¥3)	(¥9,111)	(¥7,003)	¥8,300	¥195,732

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

(In thousands of U.S. Dollars)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2008	\$77,165	\$11,029	\$1,639,620	(\$7,797)	\$1,720,018
Dividends from surplus			(16,341)		(16,341)
Net income			183,811		183,811
Purchase of treasury stock		(868)		(7,710)	(8,578)
Decrease Accompanying changes in accounting standards for overseas consolidated subsidiaries			(2,670)		(2,670)
Net changes of items other than shareholders' equity					-
Total	-	(868)	164,799	(7,710)	156,220
Balance at September 30, 2008	\$77,165	\$10,160	\$1,804,420	(\$15,508)	\$1,876,239

	Valuation and translation adjustments				Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance at March 31, 2008	\$25,089	-	\$36,958	\$62,047	\$77,110	\$1,859,176
Dividends from surplus				-		(16,341)
Net income				-		183,811
Purchase of treasury stock				-		(8,578)
Decrease Accompanying changes in accounting standards for overseas consolidated subsidiaries				-		(2,670)
Net changes of items other than shareholders' equity	(4,705)	(38)	(124,882)	(129,625)	2,987	(126,637)
Total	(4,705)	(38)	(124,882)	(129,625)	2,987	29,583
Balance at September 30, 2008	\$20,384	(\$38)	(\$87,924)	(\$67,577)	\$80,098	\$1,888,759

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥103.63 = \$ 1 as of September 30, 2008.
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
For The Six Months Period Ended September 30, 2008

I Cash flows from operating activities

	In millions of Japanese Yen	In thousands of U.S.Dollars
Income before income taxes	¥33,874	\$326,876
Depreciation and amortization	2,340	22,586
Interest and dividends income	(1,556)	(15,023)
Interest expenses	294	2,842
Equity in earnings of affiliates	(19,779)	(190,864)
Loss on valuation of investment securities	1,099	10,607
Gain on valuation of derivatives	(2,220)	(21,429)
Increase in notes and accounts receivable-trade	(12,096)	(116,724)
Increase in inventories	(7,117)	(68,678)
Increase in notes and accounts payable-trade	7,502	72,395
Others	78	761
	<u>2,419</u>	<u>23,348</u>
Interest and dividends income received	17,893	172,669
Interest expenses paid	(264)	(2,554)
Income taxes paid	(9,445)	(91,143)
Net cash provided by operating activities	<u>10,603</u>	<u>102,320</u>

II Cash flows from investing activities

Payment for time deposits	(697)	(6,732)
Proceeds from time deposits	1,305	12,593
Purchase of property, plant and equipment	(5,484)	(52,922)
Purchase of investments in capital of subsidiaries and affiliates	(2,610)	(25,189)
Others	(11)	(112)
Net cash used in investing activities	<u>(7,499)</u>	<u>(72,363)</u>

III Cash flows from financing activities

Purchase of treasury stock	(758)	(7,316)
Increase in short-term loans payable	9,450	91,193
Decrease in short-term loans payable	(6,295)	(60,752)
Proceeds from long-term loans payable	1,324	12,776
Repayment of long-term loans payable	(1,489)	(14,373)
Cash dividends paid to minority shareholders	(1)	(18)
Cash dividends paid	(1,692)	(16,332)
Net cash provided by financing activities	<u>536</u>	<u>5,175</u>

IV Effect of exchange rate changes on cash and cash equivalents	<u>(5,872)</u>	<u>(56,668)</u>
--	----------------	-----------------

V Net decrease in cash and cash equivalents	<u>(2,231)</u>	<u>(21,534)</u>
--	----------------	-----------------

VI Cash and cash equivalents at beginning of year	<u>81,781</u>	<u>789,172</u>
--	---------------	----------------

VII Cash and cash equivalents at end of year	<u>¥79,550</u>	<u>\$767,637</u>
---	----------------	------------------

Notes:

1. U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of ¥103.63 = \$ 1 as of September 30, 2008.
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, 2008)

(1) Total number of shares to be issued.....	171,257,770
Total number of shares issued	71,960,000
Total number of shares holders	4,661

(2) Distribution of shares (by holder)

Kind of holder	No. of persons	No. of stocks held	Ratio of stocks held
Banking facilities	48	18,027,271	25.05
Security companies	38	523,830	0.73
Other corporations	99	17,731,529	24.64
Foreign corporations	324	20,297,369	28.21
(Individual foreigners among the foreign corporations)	(2)	(4,000)	(0.01)
Individual persons and others	4,152	15,380,001	21.37
Total	4,661	71,960,000	100.00

(3) Dividends

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

2008	2008	2007	2007	2006	
Sep.	Mar.	Sep.	Mar.	Sep.	
25	25	20	20	17	(Unit : Japanese Yen)
0.24	0.24	0.19	0.19	0.16	(Unit : U.S. Dollar)

Notes:

U.S. Dollar amounts are translated from Japanese Yen, for convenience only, at the rate of
¥103.63 = \$ 1 as of September 30, 2008.

Board of Directors

President	Senior Executive Director	Executive Directors	Executive Advisor	Directors	Auditors
Hiroyuki Inoue	Kazumi Kajihara	Takafumi Yoshida	Shigeo Kawata	Yoshinori Toritani	Hisakazu Fukuhara
		Tadashi Takahashi		Takaaki Irie	Tamaki Tsukada
				Chun-Ho Lee	Hisashi Sawada

Yamato Kogyo Group MISSION



「ものづくり」企業としての誇りとフェアな経営姿勢をベースに、
鉄事業をとおじて、和の精神をもって、
グローバルな事業展開により、新たな価値を創造し、
豊かな社会の実現に貢献します。

Generate unique value and contribute to society
through our global steel business,
based on pride in our manufacturing skill,
fair management, and a spirit of Harmony.



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