

The Way of Mutual Progress



YUSHIRO CHEMICAL INDUSTRY CO., LTD.

ANNUAL REVIEW 2003

For the Year Ended March 31, 2003

Yushiro Chemical Industry Co., Ltd. has contributed to the progress and material development of Japan by supplying quality oil-fat-wax (*yu-shi-ro*) products. We have succeeded in developing and offering to virtually all industrial markets such auxiliary products as metalworking oils and fluids, polishing agents for building maintenance and textile chemicals. To respond to the needs of the industry, every technology technology we have acquired will be fed back to our R&D process for the creation of newer technologies and products based on our corporate ideal of "the way of mutual progress."



TAKATSUGU YOSHIDA
PRESIDENT

FUNDAMENTAL POLICY ON CORPORATE MANAGEMENT

Since its foundation, the Yushiro Group has followed "the way of mutual progress" based on common trust. As our clients in Japan have advanced overseas in accordance with globalization, we have contributed to their progress with strong technical support by developing and delivering products ahead of the competition.

At the beginning of 2001, Yushiro Chemical Industry formulated its 13th Three-Year Medium-Term Management Plan. With the expansion of sales and earnings as its underlying theme, the Plan identified broad sales targets approaching ¥1.0 billion in each of the information technology (IT) and aluminum die lubricants fields by the end of the Plan's second year, fiscal 2003, and an ultimate goal of achieving all objectives by July 2004, the 60th anniversary of Yushiro Chemical Industry's founding. In more specific terms, the quantitative targets identified in the current Three-Year Medium-Term Management Plan are as follows:

1. Develop and expand sales of chlorine-free and amine-free environmentally friendly products. Comply with the Pollutant Release and Transfer Register (PRTR).
2. Develop and expand metal forming area (hot and cold forging and pressing).
3. Expand sales of Yushiron Coat floor care chemicals and acquire a market share of 15%.
4. Enhance marketing capabilities and upgrade relationships with distributors.
5. Target sales of ¥1.0 billion each in the aluminum die lubricants, processing new materials, and cleaning agents fields by the final year of the current Three-Year Medium-Term Management Plan.

Entering the fiscal year beginning April 1, 2003, Yushiro Chemical Industry has positioned the withdrawal from the textile segment, a cornerstone of the Company, and significant marketing-based reorganization as priority issues for the Group. Despite concerted efforts and the difficulties in deciding to withdraw from the textile segment, based on the recent condition and trends, the Company determined that management resources could be better allocated to other segments, thereby strengthening its operating platform. In addition, we consolidated the automotive, precision machining, and steel departments, a structure the Company had maintained for nine years, into the Industrial Lubricants (IL) Sales Division, as part of our efforts to enhance speed, efficiency, and flexibility of the marketing framework.

	Yen in millions	
	Net sales	Operating income
Non-consolidated	15,000	1,030
Consolidated	19,000	1,700

These targets are supported by the fundamental policies of:

- Increasing consolidated income by strengthening Group management.
- Developing and creating markets for environmentally friendly products.
- Entering and expanding operations in new fields, including the IT industry.

Priority issues of the current Medium-Term Three-Year Management Plan are as follows:

Years ended March 31,	Yen in millions		U.S. dollars in thousands
	2003	2002	2003
Net sales	¥ 18,522	¥ 18,361	\$ 154,100
Operating income	1,662	1,246	13,834
Net income	1,094	737	9,106
Total assets	26,520	25,736	220,637
Total shareholders' equity	19,353	19,011	161,011

Per Share Amounts:	Yen		U.S. dollars
	Yen	U.S. dollars	U.S. dollars
Net income per share	¥ 68.53	¥ 48.08	\$ 0.57
Cash dividends per share	14.00	14.00	0.11
Net assets per share	1,307.93	1,251.34	10.88

Notes : 1. U.S. dollar amounts, converted at the rate of ¥120.20 to US\$1.00, are for convenience only.

2. Net income per share is based on the average number of shares outstanding at the end of each fiscal year.

3. Japanese yen amounts of less than one million have been excluded.



OPERATING ENVIRONMENT AND RESULTS

Despite efforts by the Japanese government to establish policies facilitating the disposal of non-performing loans, the Japanese economy has remained stagnant since summer 2002, characterized by a significant drop in securities markets. Public policy has been ineffective in preventing the market decline, which has been further impacted by prolonged deflation of the economy. The aforementioned has led to a lack of consumer confidence in both the private and corporate sectors of the economy, with fears of a continued recession.

The Company's overseas operations were characterized by mixed results. In China, manufacture of the Company's mainstay products continued on an upward path, boosted by the advent of full-fledged automation and remarkable growth by corporate entities. In the U.S., however, the pace of economic recovery slowed considerably, as the severity of excessive debts and capital investment in the high-tech industry came to light, and consumer spending, external demand, and domestic production deteriorated. In Brazil, anxieties over the rekindling of inflation emerged as currency devaluation fueled concerns over crude oil and raw material prices.

Against this backdrop, Yushiro Chemical Industry pushed forward its efforts in the aluminum die lubricants, hot forging, and IT fields, while at the same time striving to address environmental issues, which continued to attract increasing global concern. As a result, net sales edged up 0.9% compared with the previous fiscal year to ¥18,522 million. On the earnings front, efforts by the Cost Reduction Committee to curtail raw material costs and to improve the cost of sales ratio contributed to a significant jump in operating income, which surged 33.5% to ¥1,662 million.

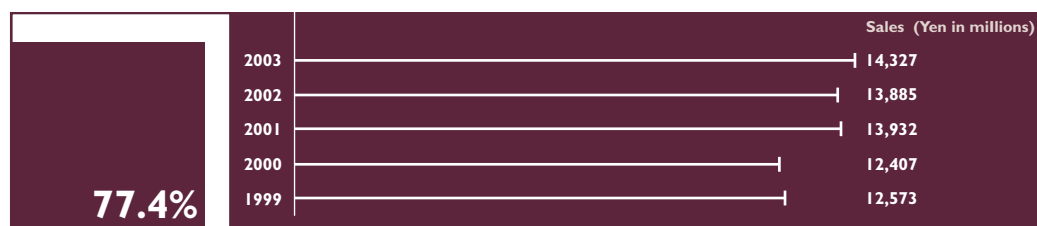
OUTLOOK

Forecasts regarding the operating environment that Yushiro Chemical Industry and the Yushiro Group will face are further complicated by growing uncertainty, fanned by the situation in Iraq, unfavorable trends in crude oil prices, the weak securities market, and recent appreciation of the yen. In addition, the Company will take a one-time charge against earnings to accelerate personnel reduction, and dispose of non-performing loans.

Against this general operating environment, the metalworking industry, Yushiro Chemical's principal market, is expected to continue recent trends including mergers, integration, restructuring, and the shift of production overseas. In an effort to combat anticipated difficult conditions, we have implemented marketing-based organizational reforms in an effort to build an agile, efficient, and flexible marketing platform. In addition, we are developing environmentally friendly products and technologies for new business fields, investing management resources directed toward fostering our overseas operations, and at the same time actively reducing raw material costs.

Takatsugu Yoshida
President

METALWORKING OILS AND FLUIDS



METALWORKING OILS AND FLUIDS BY INDUSTRY

In fiscal 2003, results of the automotive industry, led by the five major automobile manufacturers, exceeded the previous year's performance, spurred by domestic and overseas production, exports and strong markets in the U.S. and Asia. Sales of new cars in Japan reached 5,870,000 units, the first year-on-year increase since 2001. Under these favorable conditions, sales of the Company's mainstay cutting and grinding oils and fluids increased across the board, with a particularly strong performance by environmentally conscious products launched during the previous year.

In the precision machining sector, results were achieved by aggressive marketing efforts to the IT-related industries, and strong performances by the parts and bearings industries, spurred by a recovery in automobile production.

The steel industry continued to see a number of international corporate alliances, as the restructuring of the industry progressed and conditions remained difficult despite a high level of raw steel production in Japan.

Thanks to the Company's efforts to expand sales of environmentally conscious products, results of water miscible cutting and grinding fluids were strong.

As a result of all these factors, sales of metalworking oils and fluids increased 3.2% to ¥14,327 million (US\$119.1 million), and operating income climbed 39.3%, to ¥1,502 million (US\$12.4 million).

Research and development expenses in metal forming oils and fluids totaled ¥1,143 million (US\$ 9.5 million).

METALWORKING OILS AND FLUIDS BY PRODUCT

Cutting and Grinding Oils and Fluids

In response to the accelerating pace of revisions to environmental laws, Yushiro Chemical Industry continued to develop new environmentally conscious products and to upgrade its existing product lineup. The Company expanded sales of its oil-free cutting fluids, as well as of chlorine-free and nitrogen-free fluids, and worked diligently to reduce costs of its mainstay products.

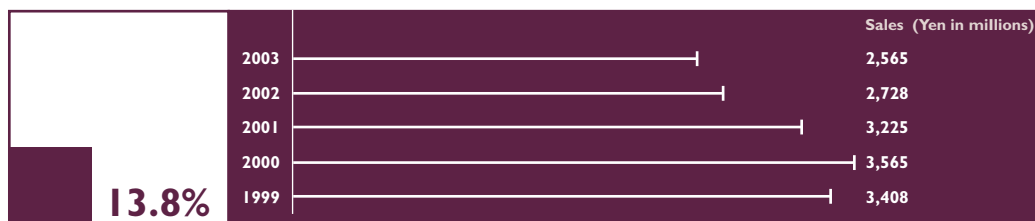
In the field of machining new materials for the electronics industry, the Company is pursuing increased sales in new cutting fluids that are compatible with the latest in processing methods. In particular, we have seen significant growth in demand for lapping oils used in the manufacture of giant magnetoresistive (GMR) heads. At this time, the market does not appear to be challenged by our competitors. Regarding developments in the field of precision cleaning, Yushiro Chemical Industry has developed glycol-ether-based and water-based agents for use in cleaning silicon wafers and liquid crystal display (LCD) panels. The Company has seen growing market acceptance for its products and anticipates a significant contribution in the future. In addition, these cleaners offer high functionality and practical use in other IT-related industries and continue to serve to raise the earnings ratio in this segment.

Metal Forming Oils and Fluids

The Company established a new method for evaluating the performance of aluminum die lubricants, a core field. The new method improves the precision of product development to target specifications, contributing to growth in sales. In hot forging oils, the Company expanded the market with the development of environmentally friendly

non-graphite forging lubricants. The Company received the Amada Award from the Japan Society for Technology of Plasticity for this accomplishment. In cold rolling oils, we began to develop a new emulsion-type rolling fluid, resulting in the development of a product with excellent lubricity and mill cleanliness that is now in the testing stages.

BUILDING MAINTENANCE CHEMICALS

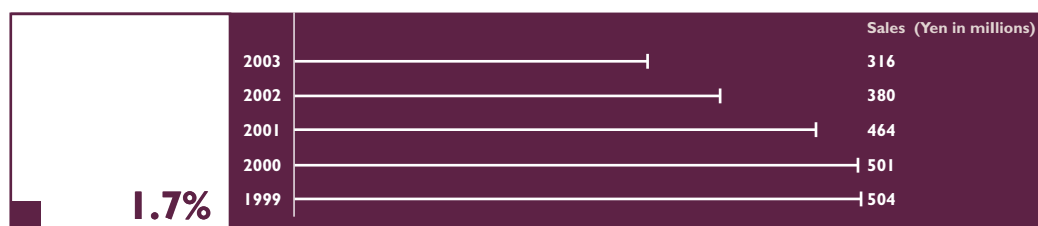


Sales volume in this segment declined owing to a fall in contract fees in the building maintenance industry. Moreover, sales of high-value-added products stagnated due to expedited store closings by low-profit companies in the mass merchandiser market. To respond to demand for a low-cost, high-performance general wax amid weak economic conditions, Yushiro Chemical Industry developed and commercialized a new low cost latex wax, which was made possible through efforts to reduce the cost of latex materials. The Company expects this new product to expand the market in the fiscal year ending March 31, 2004.

In related product categories, sales of our mold-removing agent for washing machines for private consumers recorded growth of approximately 2.6 times from the previous fiscal year. Yushiro Chemical Industry expects sales to continue growing in the future with heightened health concerns among private consumers.

Sales of building maintenance chemicals decreased 6.0% to ¥2,565 million (US\$21.3 million), and the segment posted an operating loss of ¥18 million (US\$0.1 million). Research and development expenses totaled ¥146 million (US\$1.2 million).

TEXTILE PROCESSING AUXILIARIES

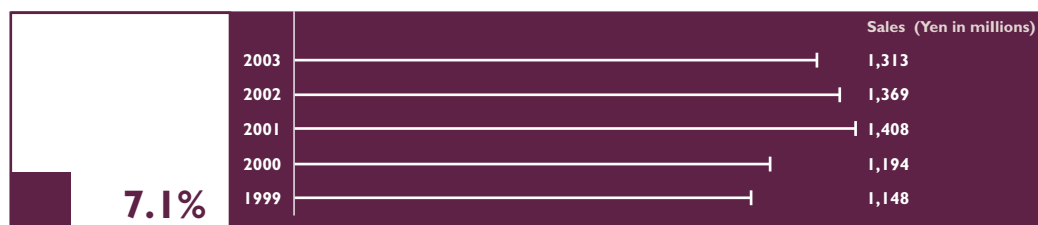


In the textile industry, imports of finished products from Asian countries are growing at an astounding pace. Moreover, the Japanese textile industry is hollowing out as domestic manufacturers relocate overseas. As a result, sales of textile processing auxiliaries fell 16.6% to ¥316 million (US\$2.6 million). The segment recorded an operating loss of ¥82 million (US\$0.6 million).

Yushiro Chemical Industry focused efforts on the application of compound sizing agents for the processing of high-grade denim and

other high-value-added products. However, the Company determined that this approach would not be profitable due to pricing. As a result, in consideration of the severe operating environment, Yushiro Chemical Industry has decided to withdraw from the textile industry altogether in March 2004. By reallocating management resources to other divisions, the Company aims to further strengthen the business structure.

OTHER OPERATIONS



INDUSTRIAL WASTE PROCESSING (NIHON SEIYU CO., LTD.)

Sales were adversely affected by major users shifting to a zero emissions business structure, resulting in an inevitable decline from the fourth quarter.

Customers are responding to revisions in the Industrial Waste Processing Law by cutting back on the volume of waste to be incinerated, adversely affecting sales in the segment. Yushiro Chemical Industry made every effort to reduce expenses to compensate for the decline in sales.

Sales of industrial waste processing decreased 4.1% to ¥1,311 million (US\$10.9 million), and operating income fell 14.0% to ¥207 million (US\$1.7 million).

TRANSPORT-RELATED OPERATIONS (YUSHIRO UNSO CO., LTD)

Since Yushiro Chemical Industry's transport operations are engaged chiefly in domestic shipping, revenues are low. Sales of transport-related operations increased 8.2% to ¥2 million (US\$0.01 million), and rationalization of operations produced 36.0% growth in operating income to ¥51 million (US\$0.4 million).

BUSINESS BY REGION

■ JAPAN (YUSHIRO CHEMICAL INDUSTRY CO., LTD.)

Domestic sales increased 2.3% to ¥16,278 million (US\$135.4 million), accounting for 87.9% of consolidated net sales. Operating income advanced 42.6% to ¥1,291 million (US\$10.7 million), or 77.7% of consolidated operating income.

■ UNITED STATES (YUMA INDUSTRIES, INC.)

In the United States, zero-interest financing effects ran their course, and automobile sales volume decreased for the third consecutive month at the end of 2002, reflecting the decelerating economy and weak consumer sentiment due to increasing unemployment (4.8% in 2001, 5.8% in 2002) and tensions over the Iraq war. Despite these conditions, Japanese automakers in the U.S. did fairly well, with engine production and capital investment proceeding on schedule.

As a result, although sales in the United States grew on a dollar basis, sales declined on a yen basis due to unfavorable foreign exchange effects. Sales declined 7.4% to ¥994 million (US\$8.2 million), and operating income fell 20.1% to ¥67 million (US\$0.5 million).

■ BRAZIL (YUSHIRO DO BRASIL INDÚSTRIA QUÍMICA LTDA.)

In Brazil, automobile production and sales volume declined compared with the previous fiscal year. The steel industry was robust, but the impact of currency fluctuations on crude oil prices and material costs fueled inflationary concerns. Our consolidated subsidiary in Brazil was ordered to pay retroactive taxes on product distribution services by the San Paulo tax authority. We objected to the order, and are seeking settlement through a re-assessment. The amount of retroactive taxes in question is R\$5.5 million (about ¥188 million), including interest and value revisions.

Accordingly, sales in Brazil dropped 30.0% to ¥499 million (US\$4.1 million), while operating income grew 24.4% to ¥80 (US\$0.6 million) million thanks to price revisions and cost reductions.

■ CHINA (QIDONG YUSHIRO CHEMICAL INDUSTRY CO., LTD.)

The advance of foreign capital into the Chinese market has increased since China joined the World Trade Organization (WTO). Backed by firm exports, consumer spending and public works projects, sales expanded for our hot forming lubricants for the steel industry and for our metalworking oils and fluids for Japanese-affiliated companies in China. As a result, sales in China advanced 10.8% to ¥750 million (US\$6.2 million), and operating income increased 16.9% to ¥219 million (US\$1.8 million).

Consolidated Balance Sheets

(Unaudited)

As of March 31, 2003 and 2002

ASSETS	Yen in millions		U.S. dollars in thousands (Note 5)
	2003	2002	2003
CURRENT ASSETS:			
Cash and cash equivalents	¥ 6,127	¥ 5,337	\$ 50,978
Notes and accounts receivable—trade	4,574	4,356	38,055
Marketable securities	510	489	4,243
Inventories	1,218	1,220	10,138
Deferred income taxes	206	150	1,719
Other current assets	175	282	1,461
Less—Allowance for doubtful accounts	(7)	(2)	(62)
<u>Total current assets</u>	<u>12,805</u>	<u>11,834</u>	<u>106,534</u>
PROPERTY, PLANT AND EQUIPMENT:			
Land	4,558	4,475	37,927
Buildings and structures	3,649	3,943	30,362
Machinery and equipment	1,190	1,173	9,905
Construction in progress	150	50	1,254
<u>Total property, plant and equipment</u>	<u>9,549</u>	<u>9,643</u>	<u>79,450</u>
<u>Total intangible assets</u>	<u>63</u>	<u>74</u>	<u>532</u>
INVESTMENTS AND OTHER ASSETS:			
Investment in securities	612	799	5,093
Investment in subsidiaries and associated companies	1,850	1,590	15,393
Long-term loans	144	71	1,203
Accumulated life insurance	657	704	5,470
Deferred income taxes	421	377	3,504
Other	515	731	4,285
Less—Allowance for doubtful accounts	(99)	(92)	(831)
<u>Total investments and other assets</u>	<u>4,101</u>	<u>4,183</u>	<u>34,120</u>
Deferred Charge	—	0	—
TOTAL ASSETS	¥26,520	¥25,736	\$220,637

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions		U.S. dollars in thousands (Note 5)
	2003	2002	2003
CURRENT LIABILITIES:			
Notes and accounts payable—trade	¥ 2,754	¥ 2,533	\$ 22,919
Current portion of long-term debt	127	198	1,056
Accrued expenses	887	989	7,381
Accrued income taxes	588	159	4,895
Employees' savings deposits	380	394	3,164
Other current liabilities	63	29	529
Total current liabilities	4,801	4,305	39,947
LONG-TERM LIABILITIES:			
Long-term debt	234	303	1,950
Employees' retirement benefits	1,340	1,387	11,151
Directors' and statutory auditors' retirement benefits	342	316	2,849
Long-term deposits on contract	147	112	1,231
Deferred income taxes	—	13	—
Consolidated goodwill	2	3	18
Total long-term liabilities	2,067	2,137	17,200
TOTAL LIABILITIES	6,869	6,442	57,148
MINORITY INTERESTS	297	282	2,478
SHAREHOLDERS' EQUITY:			
Common stock, ¥50 par value:			
Authorized: 30,000,000 shares			
Issued and outstanding:			
2002—15,200,065 shares			
2003—15,200,065 shares	4,249	4,249	35,352
Capital surplus	3,994	3,994	33,233
Consolidated surplus	13,717	12,905	114,120
Translation adjustments	(2,363)	(2,202)	(19,666)
Treasury stock	(260)	(4)	(2,166)
Net unrealized gains on securities	16	68	137
TOTAL SHAREHOLDERS' EQUITY	19,353	19,011	161,011
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	¥26,520	¥25,736	\$220,637

**Consolidated Statements
of Income (Unaudited)**

For the Years Ended March 31, 2003 and 2002

	Yen in millions		U.S. dollars in thousands (Note 5)
	2003	2002	2003
NET SALES	¥18,522	¥18,361	\$154,100
COST OF SALES	11,845	11,794	98,545
Gross profit	6,677	6,566	55,554
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	5,014	5,320	41,719
Operating income	1,662	1,246	13,834
OTHER INCOME (EXPENSES):			
Interest and dividend income	25	35	215
Equity in earnings of associated companies	264	214	2,204
Depreciation of consolidated goodwill	1	14	15
Interest expenses	29	36	246
Other income and losses	(57)	(207)	(479)
Income before income taxes and minority interests	1,868	1,266	15,544
INCOME TAXES:			
Current			
Deferred	662	434	5,507
Profits attributable to minority interests	111	94	930
NET INCOME	¥ 1,094	¥ 737	\$ 9,106

**Consolidated Statements of
Retained Earnings (Unaudited)**

For the Years Ended March 31, 2003 and 2002

	Yen in millions		U.S. dollars in thousands (Note 5)
	2003	2002	2003
Consolidated surplus at beginning of year	¥12,905	¥12,701	\$107,370
Decrease of consolidated surplus	283	532	2,356
Net income	1,094	737	9,106
Consolidated surplus at end of year	¥13,717	¥12,905	\$114,120

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies and Basis of Presenting Consolidated Financial Statements (Fiscal Year Ended March 31, 2003)

1. Scope of Consolidation

- (1) Consolidated subsidiaries include Nihon Seiyu Co., Ltd., Yushiro Unso Co., Ltd., Yuma Industries, Inc., Yushiro do Brasil Indústria Química Ltda. and Qidong Yushiro Chemical Industry Co., Ltd.
- (2) Yushiro Shoji Co., Ltd. and Shanghai Yushiro Chemical Industry Co., Ltd. are non-consolidated subsidiaries.
- (3) Our non-consolidated subsidiary Yushiro Shoji Co., Ltd. in (2) above is a small enterprise and another non-consolidated subsidiary Shanghai Yushiro Chemical Industry Co., Ltd. in (2) above is now preparing to start business operations. For these reasons, the effect on total assets, net sales and net income (amounts corresponding to equity-method accounting) as well as retained earnings (amounts corresponding to equity-method accounting) of these subsidiaries is immaterial.

2. Application of Equity Method

The effect of the two non-consolidated subsidiaries in (2) above on consolidated net income and consolidated retained earnings is immaterial. As the effect of these two non-consolidated is accounted for on a cost basis without applying the equity method.

3. Fiscal Years of Consolidated Subsidiaries and Associated Companies

The end of the fiscal year of all three overseas subsidiaries is December 31.

4. Significant Accounting Policies

(1) Valuation of securities

In other securities, quoted securities are stated at market value at the fiscal year-end. Unrealized gains are included in shareholders' equity, net of income taxes, and disposal price is computed using the moving-average method. Unquoted securities are accounted for on a cost basis using the moving-average method.

(2) Valuation of inventories

Inventories are stated at cost using the gross average method.

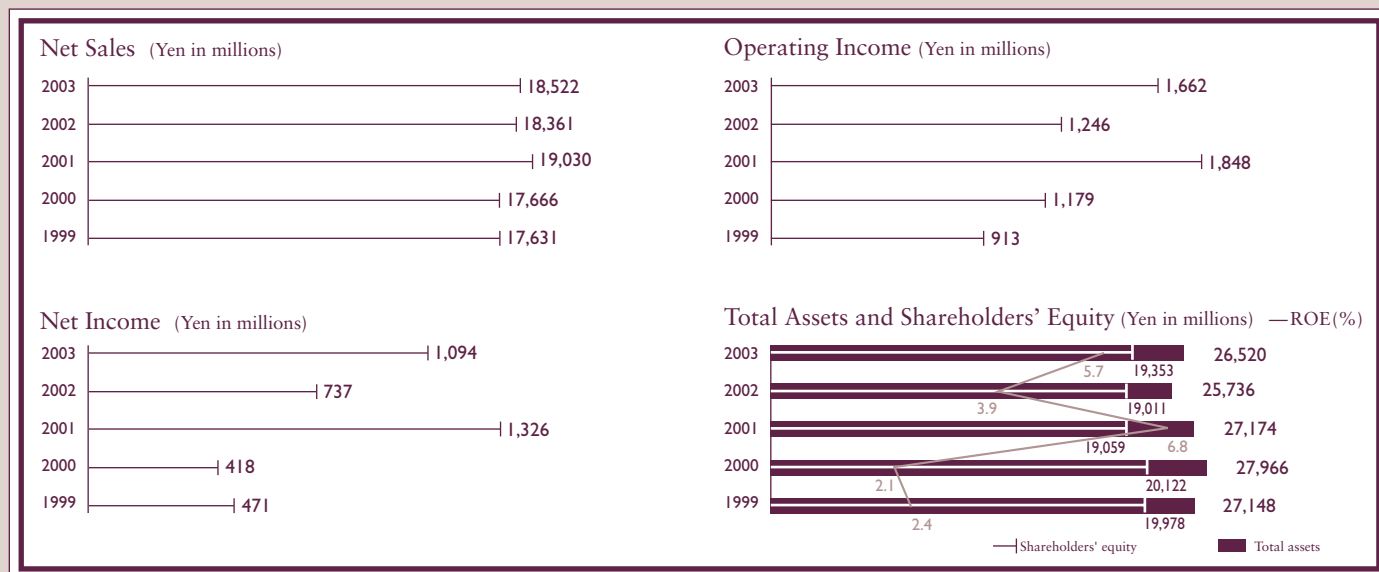
5. U.S. dollar amounts have been converted from yen at the rate of ¥120.20 to US\$1.00, and are for convenience only.

**Consolidated Statements
of Cash Flows (Unaudited)**

For the Years Ended March 31, 2003 and 2002

	Yen in millions		U.S. dollars in thousands (Note 5)
	2003	2002	2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 1,868	¥ 1,266	\$ 15,544
Adjustments for:			
Depreciation and amortization	622	692	5,179
Depreciation of consolidated goodwill	(1)	(14)	(15)
Equity in earnings of associated companies	(264)	(214)	(2,204)
Increase (decrease) in allowance for doubtful accounts	12	14	100
Increase (decrease) in bonus payment reserve	(16)	8	(134)
Increase (decrease) in reserve for retirement allowance	(21)	135	(177)
Interest and dividend income	(25)	(35)	(215)
Interest expenses	29	36	246
Loss from revaluation of investments in securities	94	221	784
Decrease (increase) in notes and accounts receivable	(279)	527	(2,325)
Decrease (increase) in inventories	(60)	317	(506)
Increase (decrease) in notes and accounts payable	275	(296)	2,288
Increase (decrease) in unpaid excise tax	7	(95)	61
Bonuses of directors and statutory auditors paid	(84)	(73)	(700)
Other	(18)	(156)	(154)
Subtotal	2,136	2,334	17,770
Interest and dividend income received	69	62	578
Interest expenses paid	(29)	(36)	(249)
Income taxed paid	(236)	(1,065)	(1,971)
Net cash provided by operating activities	1,938	1,295	16,128
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase (decrease) in time deposits	(1,395)	1,239	(11,608)
Payments for purchase of investments in affiliates	0	(65)	(2)
Payments for purchase of investments in securities	(16)	(63)	(133)
Proceeds from sales of investments in securities	20	217	168
Payments for purchase of property, plant and equipment	(815)	(371)	(6,783)
Proceeds from sales of property, plant and equipment	173	6	1,444
Other	222	(26)	1,851
Net cash provided by (used in) investing activities	(1,810)	936	(15,062)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of long-term debt	(240)	(649)	(1,998)
Proceeds from long-term debt	100	—	831
Cash dividends paid	(212)	(216)	(1,769)
Cash dividends paid to minority shareholders	(58)	(96)	(483)
Purchase of treasury stock	(256)	(258)	(2,129)
Net cash used in financing activities	(667)	(1,220)	(5,549)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(46)	7	(382)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(584)	1,019	(4,866)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,015	3,996	41,730
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 4,431	¥ 5,015	\$ 36,864

FINANCIAL INDICATORS



CORPORATE DATA

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 Phone: (03) 3750-3100 Fax: (03) 3750-9915 URL: <http://www.yushiro.co.jp>

Capital ¥4,249 million

Employees 368 (as of March 31, 2003)

Established July 24, 1944

Branch Offices Tokyo, Nagoya and Osaka

Sales Offices Hokkaido, Tohoku, Kitakanto, Kanagawa, Hamamatsu, Hokuriku, Hiroshima and Kyushu

Directors and Auditors

President	Takatsugu Yoshida	Kazuyuki Muraki
Senior Managing Directors	Toshimi Muto	Itaru Oda
	Hirotohi Takeda	Masahisa Hirobe
Managing Directors	Yoshiaki Nagai	Standing Auditors
	Yasuo Chiba	Hirotohi Tomihari
	Toyomi Kohana	Hisataka Terakura
Directors	Masakazu Shioyama	Auditors
	Noboru Ojika	Toshio Abe*
	Aisaku Ota	Advisor
		Yoshihiro Kobayashi

*Outside Auditor

Subsidiaries and Associated Companies

Overseas Subsidiaries

Yuma Industries, Inc.
 783 West Mausoleum Road, P.O. Box 217
 Shelbyville, Indiana 46176 U.S.A.
 Phone: (1) 317-398-9862 Fax: (1) 317-392-4818
 URL: <http://www.yumaind.com>

Yushiro do Brasil Indústria Química Ltda.
 Av. Henry Néstle, 3100 Caçapava, São Paulo, Brazil
 Phone: (55) 12-253-1155 Fax: (55) 12-253-1176
 URL: <http://www.yushiro.com.br>

Qidong Yushiro Chemical Industry Co., Ltd.
 New Qidong Port North
 Qidong City, Jiangsu, Province, China
 Phone: (86) 513-3699-941 Fax: (86) 513-3699-943

Overseas Associated Companies

Yushiro Jet Chemicals Sdn. Bhd.
 14, Jalan Utama 2/28, Pusat Perindustrian Maju Jaya,
 47100 Puchong, Malaysia
 Phone: (60) 3-8061-9737 Fax: (60) 3-8062-2731

Buhmwoo Chemical Ind. Co., Ltd. & Buhmwoo Co., Ltd.
 70-3, Yangjae-Dong, Seocho-Ku, Seoul, Korea
 Phone: (82) 2-571-6321 Fax: (82) 2-571-6329
 URL: <http://www.buhmwoo.com>

San-I Chemical Industry Co., Ltd.
 7th Fl. No.48 Ming Chuang W. Rd., Taipei, Taiwan R.O.C.
 Phone: (886) 2-2522-1313 Fax: (886) 2-2522-1363