

ANNUAL REVIEW 2018

For the Year Ended March 31, 2018

The way of mutual progress

PRESIDENT'S MESSAGE

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. To respond to the needs of the industry, every 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.”

大 須 栄 一

Eiichi Ogo
PRESIDENT



Business summary

During this consolidated financial year, the global economy continued to expand, mainly in the United States and the Eurozone, and despite a minor economic slowdown in China, the economy overall experienced a moderate recovery that is expected to be maintained going forward. Japan's economy, although experiencing a slight pause, demonstrated the same moderate recovery as the global economy against a backdrop of the income situation and robust employment.

Under these circumstances, net sales increased 6.6% from the previous fiscal year to ¥31,565 million. Additionally, operating income rose 2.7% over the previous fiscal year to ¥2,502 million. Ordinary income increased 7.5% to ¥3,243 million, and net income rose 31.3% from the previous fiscal year to ¥2,228 million, partly due to the reserve for dissolution of employees' pension fund booked in the previous fiscal year.

Business segment	Previous Fiscal Year (April 1, 2016 through March 31, 2017)		Current Fiscal Year (April 1, 2017 through March 31, 2018)		Increase/ Decrease %
	Million yen	%	Million yen	%	
Japan	15,993	54.0	16,868	53.4	105.5
North and South America	5,273	17.8	5,710	18.1	108.3
China	4,273	14.5	4,488	14.2	105.0
Southeast Asia / India	4,065	13.7	4,498	14.3	110.7
Total	29,605	100.0	31,565	100.0	106.6

Medium and Long-Term Plan

The Yushiro Group has formulated a Medium-term Plan covering the three years from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020 with the objective of becoming a company that continues to exist beyond its 100th year of founding.

1. Business Environment and the Group's Response

The domestic market for the automobile industry to which our main customers belong, remains peaked out due to the aging population, young people turning away from automobiles, and the continuing offshore relocation of production site to overseas. Meanwhile, the overseas market is in an expansionary trend, and the Group has worked to strengthen and expand its business through initiatives such as starting up plants in India and Mexico in the fiscal year ended March 31, 2015, which was the first year of our 17th Medium-term Plan, as well as adding Japan Cee-Bee Chemical Co., Ltd. to its group companies in 2015, the second year of the Plan.

Under the 18th Medium-term Plan, we will continue to actively invest management resources in regions with expanding markets and strive to reinforce the overall strengths of the Group by strengthening our global sales and technological capabilities and making strategic investments in order to achieve sustainable growth.

2. Basic Policy

1) Strengthen our global sales capabilities

We will strengthen our sales capabilities by reinforcing personnel in order to respond to expanding overseas markets and by building sales networks at domestic and overseas bases in order to accelerate business expansion.

2) Strengthen competitiveness in our core business

We will further strengthen our technological proposal capabilities in the metal processing sector and work to increase both customer satisfaction and added value in order to expand profitable business. Additionally, we will reinforce our business through strategic investment.

3) Establish a structure that maximizes synergy among Group companies

We will create a structure that maximizes synergy among Group companies by utilizing the information held by the Group to improve management efficiency and accelerate management decision-making.

3. Basic Strategies

1) Overseas business strategy

- Reinforce sales capabilities by increasing sales staff and upgrading our dealership and agency networks
- Improve business efficiency by actively utilizing information among companies, including domestic companies
- Expand sales bases mainly in the United States, China and Southeast Asia

2) Domestic business strategy

- Reinforce sales channels
- Expand sales in the plasticity fluids and casting fluids business
- Establish global production lines aimed at strengthening cost competitiveness
- Promote collaboration with manufacturers of tools and machinery, and joint research with universities

3) Strategic investment

- Undertake business reinforcement and expansion through alliances and M&As mainly in Japan and North America

4) New business strategy

- Commercialize self-healing polymer

Basic policy for profit distribution

The Company's basic policy for profit distribution is to provide shareholder returns in consideration of our global business expansion and consolidated business results. Shareholder returns are determined upon consideration of the capital investments that are required to improve corporate value.

Fiscal Years ended March 31,	Yen in millions		U.S. dollars in thousands
	2018	2017	2018
Net sales	¥ 31,565	¥ 29,605	\$ 297,115
Operating income	2,502	2,437	23,554
Net income	2,228	1,697	20,976
Total assets	43,869	40,560	412,926
Net assets	32,197	29,318	303,063
Per Share Amounts			
	Yen		U.S. dollars
Net income per share	¥ 164.13	¥ 124.37	\$ 1.54
Cash dividends per share	45.00	40.00	0.42
Net assets per share	2,231.91	2,028.73	21.00

Notes : 1. U.S. dollar amounts, converted at the rate of ¥106.24 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.

The Yushiro Group consists of Yushiro Chemical Industry Co., Ltd., three domestic subsidiaries, twelve overseas subsidiaries and three affiliates, and its major businesses are the production and sales of metalworking oils and fluids, chemicals for building maintenance. We are going to expand our business in growing areas globally as well as a domestic market continuously.

REVIEW OF OPERATIONS

Review of Operations by Region

1. Japan

As the result of sales expansion efforts in view of the increase in domestic automobile production from the previous fiscal year, segment net sales in Japan grew 5.5% over the previous fiscal year to ¥16,868 million. Segment income (operating income) rose 23.6% over the previous fiscal year to ¥931 million due to increased sales.

2. North and South America

Although net sales at the subsidiary in the United States remained unchanged from the previous fiscal year due to a slump in sales of passenger vehicles, net sales by the subsidiary in Mexico, which has maintained a positive turnaround since the previous fiscal year, increased steadily, and the subsidiary in Brazil, which had posted a deficit for two consecutive fiscal years due to the worsening domestic economy, also showed a profit in light of domestic economic recovery. As a result, net sales in the region rose 8.3% over the previous fiscal year to ¥5,710 million. Segment income grew 12.5% over the previous fiscal year to ¥535 million.

3. China

Net sales in China grew 5.0% over the previous fiscal year to ¥4,488 million, partly due to an increase in the volume of automobile production and a growing market share by Japanese manufacturers. Segment income fell 29.1% to ¥497 million due to an upsurge in expenses for personnel and raw materials.

4. Southeast Asia/India

Segment net sales rose 10.7% over the previous fiscal year to ¥4,498 million, driven by expanded sales and robust automobile production in countries other than Malaysia. Segment income rose 5.7% from the previous fiscal year to ¥527 million as a result of the subsidiary in India, which achieved a profit for the first time since its establishment in 2008.

Yushiro do Brasil Indústria Química Ltda.
Av. Henry Néstle, 3100 Caçapava, CEP 12286-140,
São Paulo, Brazil
Phone: (55) 12-3654-8100 Fax: (55) 12-3654-8101
URL: <http://www.yushiro.com.br/>

Yushiro Mexico S.A. de C.V.
Av. Mina de Guadalupe 478 Parque Industrial Santa Fe IV
Guanajuato Puetro Interior, CP 36275
Silao, Guanajuato, Mexico
Phone: (52)472-748-9208
URL: <http://yumex.mx/>

Shanghai Yushiro Chemical Industry Co., Ltd.
881 Fulian Road, Guncun Industrial Park,
Baoshan District, Shanghai, China
Phone: (86)21-3604-1188 Fax: (86)21-3604-0916
URL: <http://www.yushiro.com.cn/>

Qidong Yushiro Chemical Industry Co., Ltd.
The North of New Qidong Port,
Qidong City, Jiangsu Province, China
Phone: (86)513-8369-9942 Fax: (86)513-8369-9943
URL: <http://www.yushiro.com.cn/>

Taixing Cee-Bee Chemical Co., Ltd.
No.8, Bin Jiang S.Road, Taixing Economic Development
Zone, Taixing of Jiangsu Province, China
Phone: (86)0523-87607898 Fax: (86)0523-87607897

Yushiro Malaysia Sdn. Bhd.
7, Jalan TPP 3, Taman Perindustrian Putra, 47130 Puchong,
Selangor Darul Ehsan, Malaysia
Phone: (60) 3-8069-9390 Fax: (60) 3-8051-3946
URL: <http://www.yushiro.com.my/>

Yushiro (Thailand) Co., Ltd.
700/533 Moo7, Amata Nakorn Industrial Estate, T. Don Hua
Roh, A. Muang Chonburi, Chonburi 20000, Thailand
Phone: (66)3845-4873 Fax: (66)3845-4879

Siam Cee-Bee Chemical Co., Ltd.
700/936, Moo 5, Amatanakorn Industrial Estate,
T.Nongkhaka, A.Phanthong, Chonburi 20160 THAILAND
Phone: (66)038-210-772 Fax: (66)038-210-776

Yushiro India Company Private Limited
608. J. M. D. Pacific Square Sector-15, Part-II,
Gurgaon 122002, Haryana, India
Phone: (91)124-424-1650 Fax: (91)124-424-1652

PT. Yushiro Indonesia
Jl. Maligi 1, Blok B-2B, Kawasan Industri KIIC,
Karawang 41361-Java Barat, Indonesia
Phone: (62)21-8911-4271 Fax: (62)26-7845-7934
URL: <http://www.yushiro.co.id/>

Overseas Associated Companies

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

San-I Chemical 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
URL: <http://www.san-i.com.tw/>

Subsidiaries and Associated Companies

Domestic Subsidiaries

Yushiro Unso Co., Ltd.
1157-2 aza-Yubunepara, Yubune, Oyama-cho,
Sunto-gun, Shizuoka JAPAN
Phone: (0550)86-1112 Fax: (0550)76-1034

Yushiro General Service Company
1157-2 aza-Yubunepara, Yubune, Oyama-cho,
Sunto-gun, Shizuoka JAPAN
Phone: (0550)86-1113 Fax: (0550)76-1034

The Japan Cee-Bee Chemical Co., Ltd.
Omori Plaza Bldg.4F, 3-28-3 Minamioi, Shinagawa-ku, Tokyo JAPAN
Phone: (03)5767-6431 Fax: (03)5767-6437
URL: <http://www.jcbchem.co.jp/>

Overseas Subsidiaries

Yushiro Manufacturing America Inc.
783 West Mausoleum Road, P.O. Box 217
Shelbyville, Indiana 46176-9720 U.S.A.
Phone: (1) 317-398-9862 Fax: (1) 317-392-4818
URL: <http://www.yushirousa.com/>

Business on metalworking oils and fluids

What is "metalworking oils and fluids"

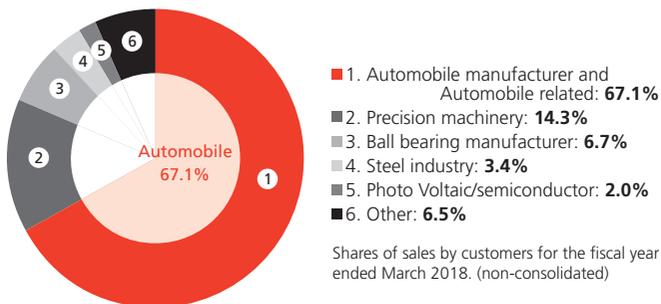
- Fluids used for processing steel and other metals into specific shapes.
- Important areas of fluid performance include lubricity, cooling ability, etc.
- Mainly used in the automotive, precision processing and semiconductor processing industries.

Products

- Cutting and Grinding Oils and Fluids
- Aluminum Diecasting Lubricants
- Cutting Oils and Fluids for Advanced-Material
- Cleaners
- Rust Preventives
- Rolling Oils and Fluids
- Drawing Oils and Fluids
- Forming Oils and Fluids
- Quenching Agents
- Fire Resistant Hydraulic Lubricants
- Other Oils and Fluids

Customers

- Automobile companies
- Precision machine processing companies
- Steel companies
- Electric equipment companies
- Other machine processing companies



The Company's advantages in the field of Cutting and Grinding Oils and Fluids

- Our overwhelming share in the automobile industry; more than 60%

The Company features its production development capacities and quick response to changes in the automobile industry including rationalization, changes in materials and measures to address environmental issues.

- Our wide human network interacts with users in different industries at "The Society of Cutting Fluids & Cutting Technology"

About the Society of Cutting Fluids & Cutting Technology

The society was launched in 1954 as an on-site research group made up of metal processing technology researchers, and has served as an office bridging academy and industry for more than 60 years.

Engineers with abundant on-site experience, beginning with those from our automotive manufacturing customers, as well as those from machine manufactures, tooling manufactures, etc., gather to exchange information and work together to develop higher technologies and further nurture their expertise. This group has served as a "training room" for these experts throughout the history of the industry. It is therefore no exaggeration to say that this group is a national asset supporting product development, or *monozukuri*.

Note: Metalworking oils and fluids business: Metalworking oils and fluids are manufactured and sold by Yushiro Chemical Industry Co., Ltd.

In overseas markets, metalworking oils and fluids are manufactured and sold by the Company's subsidiaries;

Yushiro Manufacturing America Inc., in the United States;

Yushiro do Brasil Ind. Quimica Ltda., in Brazil;

Yushiro Mexico S.A. de C.V. in Mexico;

Shanghai Yushiro Chemical Industry Co., Ltd., Qidong Yushiro Chemical Industry Co., Ltd., and Guangzhou Yushiro Oil & Fluids Co., Ltd., in China;

Yushiro Malaysia Sdn. Bhd., in Malaysia;

Yushiro (Thailand) Co., Ltd., in Thailand;

Yushiro India Company Private Limited, in India;

P.T.Yushiro Indonesia in Indonesia;

and our affiliates;

Buhmwoo Chemical Industry Co., Ltd., and Buhmwoo Co., Ltd., in South Korea;

San-I Chemical Co., Ltd., in Taiwan.

CONSOLIDATED BALANCE SHEETS

(Unaudited)
As of March 31, 2018 and 2017

Assets	Millions of yen		U.S. dollars in thousands (Note 5)
	2018	2017	2018
Current assets:			
Cash and time deposits	¥ 8,439	¥ 8,177	\$ 79,437
Notes and accounts receivable–trade	6,598	6,021	62,113
Inventories	3,692	3,220	34,757
Deferred tax assets	190	198	1,795
Other current assets	247	315	2,327
Allowance for doubtful accounts	(20)	(20)	(194)
Total current assets	19,148	17,913	180,236
Fixed assets:			
Buildings and structures	4,761	3,867	44,819
Machinery, equipment and vehicle	1,256	1,131	11,828
Tools, furnitures and fixtures	318	238	2,994
Land	5,111	5,106	48,108
Lease assets	15	15	148
Construction in progress	42	862	396
(Total property, plant and equipment)	11,505	11,222	108,296
(Total intangible fixed assets)	707	551	6,660
Investment in securities	4,989	4,175	46,968
Investments in subsidiaries and affiliates	6,452	5,561	60,736
Long-term loans receivable	1	2	14
Savings premium	622	578	5,860
Long-term time deposits	165	338	1,558
Deferred tax assets	1	2	14
Other assets	295	233	2,776
Allowance for doubtful accounts	(20)	(19)	(196)
(Total investments and other assets)	12,507	10,872	117,731
Total fixed assets	24,720	22,646	232,689
Total assets	¥ 43,869	¥ 40,560	\$ 412,926

Liabilities and net assets	Millions of yen		U.S. dollars in thousands (Note 5)
	2018	2017	2018
Current liabilities:			
Notes and accounts payable–trade	¥ 3,767	¥ 3,464	\$ 35,464
Short–term borrowings	1,717	1,703	16,168
Accounts payable–other	816	830	7,682
Accrued corporate taxes	291	374	2,740
Accrued bonuses	506	505	4,771
Other current liabilities	1,232	965	11,598
Total current liabilities	8,332	7,843	78,426
Long-term liabilities:			
Long-term debt	511	660	4,813
Net defined benefit liability	1,247	1,293	11,738
Accrued retirement allowances for directors	98	151	927
Reserve for loss on dissolution of employees pension fund	275	294	2,591
Deferred tax liabilities	900	667	8,473
Other long-term liabilities	307	329	2,891
Total long-term liabilities	3,339	3,397	31,436
Total liabilities	11,671	11,241	109,862
Net assets:			
Common stock	4,249	4,249	39,997
Capital surplus	4,046	4,046	38,083
Retained earnings	22,229	20,544	209,241
Treasury stock	(426)	(426)	(4,016)
Shareholders' equity	30,098	28,413	283,306
Net unrealized gains on securities	2,146	1,594	20,205
Currency translation adjustments	(1,915)	(2,417)	(18,034)
Remeasurements of defined benefit plans	(25)	(44)	(240)
Accumulated other comprehensive income	205	(867)	1,931
(Total minority interests)	1,893	1,772	17,825
Total net assets	32,197	29,318	303,063
Total liabilities and net assets	¥ 43,869	¥ 40,560	\$ 412,926

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)
For the Years Ended March 31, 2018 and 2017

	Millions of yen		U.S. dollars in thousands (Note 5)
	2018	2017	2018
Net sales	¥ 31,565	¥ 29,605	\$ 297,115
Cost of sales	21,473	19,939	202,120
Gross profit	10,092	9,666	94,994
Selling, general and administrative expenses	7,589	7,229	71,439
Operating income	2,502	2,437	23,554
Interest and dividend income	158	177	1,491
Equity in earnings of associated companies	593	495	5,586
Other income	103	91	974
Interest expenses	39	27	376
Other expenses	74	156	700
Ordinary income	3,243	3,017	30,530
Gain from sale of fixed assets	–	254	–
Gain on sales of investment securities	–	78	–
Loss on disposal of fixed assets	10	33	103
Impairment loss	–	126	–
Provision of reserve for loss on dissolution of employees pension fund	–	294	–
Income before income taxes	3,232	2,895	30,427
Corporate, local income enterprise taxes	732	757	6,891
Deferred taxes	(8)	(18)	(78)
Total income taxes	723	738	6,812
Income before minority interests	2,508	2,157	23,614
Minority interests	(280)	(459)	(2,637)
Net income	¥ 2,228	¥ 1,697	\$ 20,976

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
For the Years Ended March 31, 2018 and 2017

	Millions of yen		U.S. dollars in thousands (Note 5)
	2018	2017	2018
Cash flows from operating activities:	¥ 2,211	¥ 2,800	\$ 20,819
Cash flows from investing activities:	(1,241)	(46)	(11,688)
Cash flows from financing activities:	(975)	(1,496)	(9,180)
Effect of exchange rate changes on cash and cash equivalents	53	(259)	504
Net increase (decrease) in cash and cash equivalents	48	998	454
Cash and cash equivalents at beginning of year	8,034	6,780	75,623
Increase in cash and cash equivalents from newly consolidated subsidiary and other	–	255	–
Cash and cash equivalents at end of year	¥ 8,082	¥ 8,034	\$ 76,078

IMPORTANT POINTS FORMING THE BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

The scope of consolidation includes 15 consolidated subsidiaries: Yushiro Unso Co., Ltd., Yushiro General Service Co., Ltd., Japan Cee-Bee Chemical Co., Ltd., Yushiro Manufacturing America Inc., Yushiro do Brasil Indústria Química Ltda., Yushiro Mexico S.A. de C.V., Shanghai Yushiro Chemical Industry Co., Ltd., Qidong Yushiro Chemical Industry Co., Ltd., Guangzhou Yushiro Oil & Fluids Co., Ltd., Taixing Cee-Bee Chemical Co., Ltd., Yushiro Malaysia Sdn. Bhd., Yushiro (Thailand) Co., Ltd., Siam Cee-Bee Chemical Co., Ltd., Yushiro India Company Private Limited., and P.T. Yushiro Indonesia.

2. Application of the Equity Method

The three affiliates, Buhmwoo Chemical Industry Co., Ltd., Buhmwoo Co., Ltd., and San-I Chemical Co., Ltd. are included in the scope of application for the equity method.

3. Fiscal Years of the Consolidated Subsidiaries

The fiscal year-end of the overseas subsidiaries, with the exception of Yushiro India Company Private Limited, is December 31. In preparing the consolidated financial statements, results as of that date are used, provided that necessary adjustments are made regarding material transactions conducted between January 1 and March 31, the consolidation closing date.

4. Significant Accounting Policies

(1) Valuation standard and methods for securities

In other securities, quoted securities are stated at market value at the fiscal year-end. Unrealized gains/losses are included in net assets, and the cost of securities sold is computed using the moving average method.

Unquoted securities are accounted for on a cost basis using the moving average method.

(2) Valuation standard and methods for inventories

The cost method by the aggregate monthly average method is adopted (i.e. the book value reduction method based on declines in profitability. However, the last purchase price method is used for fuel out of supplies.)

(3) Depreciation method used for major depreciable assets

1. Tangible fixed assets (excluding leased assets)

The Company and its consolidated domestic subsidiaries use the declining-balance method (however, the straight-line method is adopted for the laboratory wing at the Kanagawa Technical Center, on which construction was completed in 1997, for buildings acquired on or after April 1, 1998 (with the exception of annexed facilities), and for annexed facilities and structures acquired on or after April 1, 2016). Overseas consolidated subsidiaries generally use the straight-line method. The main terms of useful service life are 3 to 50 years for buildings and structures and 2 to 20 years for other tangible fixed assets.

2. Intangible fixed assets (excluding leased assets)

The amortization of intangible fixed assets is conducted by the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful life (5 years).

3. Leased assets

Assets leased under finance lease transactions without a transfer of ownership

The straight-line method in which the lease term is deemed as the useful life, with a zero residual value, is used.

4. Long-term prepaid expenses

The straight-line method is adopted.

(4) Standards for conversion of foreign currency denominated assets and liabilities to Japanese yen

Debts and credits denominated in foreign currencies are converted to yen at the actual market exchange rate on the closing date. The effect of exchange rate changes is recorded as gain or loss. Assets and liabilities of overseas subsidiaries, etc. are converted to yen at the actual market exchange rate on the consolidated closing date. Profit and expenses are converted to yen at the average market rate during the period, and the

effect of exchange rate changes is included under currency translation adjustments and total minority interests in net assets.

(5) Reserves

1. Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible bad debts at the amount estimated based on the past debt experience for normal receivables, plus uncollectible amounts determined by reference to the collectability of individual doubtful receivables.

2. Accrued bonuses

The accrued bonuses are provided at an estimated amount in order to recognize expenses for bonuses paid to employees over the corresponding period.

3. Reserve for directors' bonuses

At our subsidiaries Japan Cee-Bee Chemical Co., Ltd., Shanghai Yushiro Chemical Industry Co., Ltd., and Qidong Yushiro Chemical Industry Co., Ltd., the reserve for bonuses to directors is provided at the amount estimated to be accrued for the consolidated balance sheet date to prepare for such payments.

4. Accrued retirement allowances for directors

In order to prepare the reserve for retirement allowances for directors, the Company and its subsidiaries Yushiro Unso, Ltd. and Yushiro General Service Co., Ltd. recognized the retirement allowances for directors at the estimated amount on the consolidated balance sheet date based on the internal regulations.

5. Reserve for loss on dissolution of employees' pension fund

In order to prepare for the loss occurring in connection with the dissolution of the employees' pension fund, the estimated amount of said obligation is provided.

(6) Accounting treatment for employees' retirement benefits

Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula method is the method used for attributing expected retirement benefits to periods up to the end of the consolidated fiscal year under review.

Treatment of actuarial difference and prior service cost

Prior service cost is posted as expenses on a straight-line basis over a certain period (10 years) within the remaining service years of employees as of the time of occurrence.

For actuarial differences, the amount divided by a straight-line basis over a certain period (10 years) within the remaining service years of employees as of the time of accrual during each consolidated fiscal year is posted as expenses from the consolidated fiscal year following the fiscal year of occurrence.

Adoption of simplified method for small-scale enterprises

Certain consolidated subsidiaries adopt a simplified method for calculating retirement benefit liabilities and retirement benefits whereby the Company's retirement benefit obligation is equal to the amount of retirement benefits payable assuming that all employees are voluntarily retired at the end of the fiscal year.

(7) Scope of funds contained within the consolidated statements of cash flows

The funds (cash and cash equivalents) included in the consolidated statements of cash flows consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments with maturities within three months from the acquisition date that can be easily liquidated and are exposed to only a minimal value fluctuation risk.

(8) Other significant matters for the preparation of consolidated financial statements

Accounting treatment of consumption tax, etc.

Consumption tax, etc. is recorded on a tax exclusive basis.

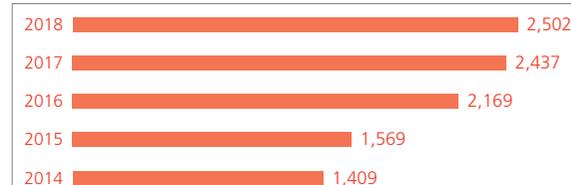
5. The U.S. dollar amounts in the financial statements for the fiscal year ended March 31, 2018, represent translation of Japanese yen at the rate of ¥106.24=US\$1.00.

FINANCIAL INDICATORS

Net Sales (yen in million)



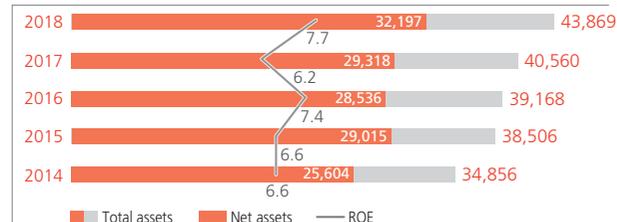
Operating Income (yen in million)



Net Income (yen in million)



Total Assets, Net Assets (yen in million), and ROE(%)



CORPORATE DATA (as of March 31, 2018)

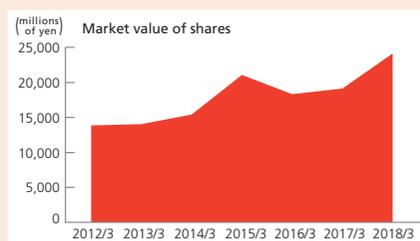
Head Office	34-16, 2-chome, Chidori, Ota-ku, Tokyo 146-8510, Japan Phone: (03) 3750-6761 Fax: (03) 3750-1146 URL: https://www.yushiro.co.jp
Capital	¥4,249 million
Employees	308
Established	July 24, 1944
Branch Offices	Tokyo, Nagoya and Osaka
Sales Offices	Hokkaido, Tohoku, Kitakanto, Hamamatsu, Fukuyama, Hiroshima and Kyushu

Directors and Auditors (as of June 26, 2018)

President	Eiichi Ogo	Directors (Audit Committee Members)	Katsuko Iizuka
Managing Directors	Masanori Arisaka Shingo Kikuchi		Yutaka Yamaguchi Miki Koshiba
Directors	Shinji Hamamoto Takuya Ishikawa Seiji Takahashi Hisao Katayama		Toshio Yamazaki

STOCK INFORMATION (as of March 31, 2018)

Number of shares issued	13,900,065
Trading unit	100
Total number of shareholders	4,072
Stock listing	First section, Tokyo Stock Exchange
Securities code	5013
Transfer agent for common stock	Mitsubishi UFJ Trust and Banking Corporation
Independent certified public accountants	Ernst & Young ShinNihon LLC
Main underwriter	Nomura Securities Co., Ltd.



Term	2017/4	2017/5	2017/6	2017/7	2017/8	2017/9	2017/10	2017/11	2017/12	2018/1	2018/2	2018/3
High (Yen/share)	1,420	1,500	1,517	1,560	1,659	1,672	1,719	1,735	1,718	1,780	1,941	1,890
Low (Yen/share)	1,325	1,396	1,451	1,438	1,499	1,498	1,636	1,568	1,602	1,703	1,611	1,650
Trading volume (Hundred of shares)	2,038	2,485	3,959	3,624	4,245	5,271	4,088	4,138	4,126	3,480	6,654	4,037