

The way of mutual progress

## ANNUAL REVIEW 2011

For the Year Ended March 31, 2011



YUSHIRO CHEMICAL INDUSTRY CO., LTD.

## 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 fiscal year, a gentle recovery trend continued in the global economy driven by the emerging countries including China where high growth has been maintained and by recovery in consumer spending and corporate results due to domestic demand by stimulus measures in the advanced countries. Although there was a slight upward trend in the Japanese economy, the economy took a severe blow from the Great East Japan Earthquake that occurred on March 11, 2011.

In the automobile industry, in which are major consumers of our products, the number of units produced increased over the previous fiscal year due to the effect of policies such as eco-car subsidies and tax reductions, while production was expanded in response to robust demand in the photovoltaic cell industry.

Under these circumstances, net sales increased 16.2% year over year to ¥23,107 million thanks to increased sales in both domestic and overseas subsidiaries and affiliates brought by the recovery of production in the automobile industry and strong sales of cutting oils and fluids for photovoltaic cells mainly in Japan.

In terms of profit, operating income rose 107.6% over the previous fiscal year to ¥2,050 million mainly due to increased sales volume. Although foreign exchange losses and syndicate loan commissions increased, ordinary income rose 65.3% over the previous fiscal year to ¥2,464 million as a result of increase in equity method derived income thanks to recovery of business performance at overseas affiliates. In terms of net income, gain on sales of subsidiaries and affiliates' stocks of ¥162 million was posted and net income increased 217.3% over the previous fiscal year to ¥1,435 million.

The Group adopted from the current fiscal year “Accounting Standard for Disclosures about Segments of Enterprises and Related information” (Accounting Standards Board of Japan (ASBJ) Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of Enterprises and Related information” (ASBJ Guidance No. 20, March 21, 2008). Thus, the three former reportable segments, the “metalworking oils and fluids business,” the “building maintenance chemicals business,” and the “industrial waste processing business,” have been changed to four reportable segments: “Japan,” “North and South America,” “China,” and “Southeast Asia/India.” Segments from the previous fiscal year have been reorganized into the segments for the current fiscal year for segment comparisons.

Business segment	Previous Fiscal Year (April 1, 2009 through March 31, 2010)		Current Fiscal Year (April 1, 2010 through March 31, 2011)		Increase/ Decrease %
	Million yen	%	Million yen	%	
Japan	14,592	73.4	16,026	69.3	109.8
North and South America	2,358	11.9	2,865	12.4	121.5
China	1,895	9.5	2,651	11.5	139.9
Southeast Asia / India	1,037	5.2	1,563	6.8	150.7
Total	19,884	100.0	23,107	100.0	116.2

### Medium- and Long-Term Plan

In the automobile industry, in which major consumers of our products, it is believed that the current number of units produced and production of main parts will be maintained domestically while production capabilities will be further enhanced overseas. Our key products, metalworking oils and fluids, are highly reliant on the automobile industry, and we are actively planning and conducting investments in the necessary domestic bases. We also believe it is important to build systems for fostering human resources who can actively work overseas and for the supply of high value-added products and services.

Based on this awareness, we will follow the basic policies below with the 16th Medium-Term Plan that started from April 2011 to deploy business with a global viewpoint throughout the world in addition to Japan.

1. Expand production and sales bases to develop markets in Southeast Asia and India. In addition, conduct investments to expand production capabilities in America and Brazil. Conduct organizational reform of domestic sales and technology and strengthen cooperation with overseas bases so that we can respond to the needs of major customers expanding their business overseas.
2. Establish branch offices of the Technical Center in Nagoya and Tokyo to provide a system for research and development which responds to the needs of customers in Japan and overseas and promptly follows-up sales activities. Also foster human resources that can actively work overseas, integrating sales and technology.
3. Establish a rapid product development and sales system for cutting oils and fluids for photovoltaic cells and further correspond to the cutting method using bonded abrasive grains to make these products a larger source of revenues.

4. In the building maintenance chemicals business, launch projects to expand the business and conduct product development and active sales expansion in response to the market.
5. Build IT system that allows for the accurate and prompt communication of customer, product, and service information through the construction of the new core system.

### Future Issues and Challenges

We believe that we will need to tackle the following issues in order to make the business strategy outlined above viable and to transform the Company into a truly global company.

1. Global expansion
2. Strategic designing and development of products
3. Strengthened coordination between sales and technology overseas and in Japan
4. Establishment of personnel education and training systems on a global basis
5. Strengthened corporate governance for overseas subsidiaries and affiliates

### Basic policy for profit distribution

The Company prioritizes shareholder returns and seeks to maintain a proper balance between returns through the dividends payments and investments for continued growth.

Fiscal Years ended March 31,	Yen in millions		U.S. dollars in thousands
	2011	2010	2011
Net sales	¥ 23,107	¥ 19,884	\$ 277,896
Operating income	2,050	987	24,658
Net income	1,435	452	17,264
Total assets	28,780	28,685	346,127
Net assets	20,714	18,697	249,119
Per Share Amounts			
	Yen		U.S. dollars
Net income per share	¥ 111.34	¥ 35.31	\$ 1.33
Cash dividends per share	25.00	12.00	0.30
Net assets per share	1,415.27	1,381.56	17.02

Notes : 1. U.S. dollar amounts, converted at the rate of ¥83.15 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.

## REVIEW OF OPERATIONS

The Yushiro Group consists of Yushiro Chemical Industry Co., Ltd., two domestic subsidiaries, ten overseas subsidiaries and three affiliates, and its major businesses are the production and sales of metalworking oils and fluids, chemicals for building maintenance. We have also expanded our business to include the purchase and sale of products related to each business, logistics and other services.

### REVIEW OF OPERATIONS BY REGION

#### 1. Japan

In the metalworking oils and fluids business, the number of units produced exceeded the previous fiscal year for the automobile industry, accompanying the increased demand in environmentally-friendly cars due to eco-car subsidies and tax reductions. In the photovoltaic cell industry, production capabilities have been increased thanks to robust demand and net sales increased solidly.

Meanwhile, in the building maintenance chemicals business, low-price trend has continued by intense price competition.

As a result, net sales in Japan rose 9.8% over the previous fiscal year to ¥16,026 million. This segment reported an income increase of 88.1% over the previous fiscal year to ¥1,010 million, mainly thanks to increased sales volume.

#### 2. North and South America

In the United States, business was driven by the steady recovery in automobile production, as sales with existing customers expanded and business progressed with new customers, as well as sales of cutting oils and fluids for photovoltaic cells, all contributing to solid performance of net sales.

Meanwhile, in Brazil, strong car sales continued due to steady domestic demand even after the abolishment of industrial products tax reduction in April and sales to the automobile industry, our main customers, were also favorable.

As a result, net sales increased 21.5% over the previous fiscal year to ¥2,865 million. Although raw materials prices are increasing, this segment reported an income increase of 98.7% over the previous fiscal year to ¥463 million, mainly attributable to increased sales volume.

#### 3. China

A high growth rate was seen in China as a result of factors including government-led infrastructure development and strong consumer spending. Production volume significantly increased for our main customers, Japanese automobile manufacturers and steel companies, and net sales were strong as well.

As a result, net sales increased 39.9% over the previous fiscal year to ¥2,651 million. This segment reported an income increase of 50.9% over the previous fiscal year to ¥444 million, mainly thanks to increased sales volume, despite the rise in raw materials prices.

#### 4. Southeast Asia/India

In the countries of Southeast Asia, sales of motorcycles and automobiles were strong and the number of units produced increased. For this reason, subsidiaries had strong net sales. In India, new customers were acquired successfully.

As a result, net sales increased 50.7% over the previous fiscal year to ¥1,563 million. This segment reported an income increase of 64.2% over the previous fiscal year to ¥172 million, mainly due to increased sales volume.

### Subsidiaries and Associated Companies

#### 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/>

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

Shanghai Yushiro Chemical Industry Co., Ltd.  
881 Fulian Road, Baoshan, Shanghai,  
P.R. China 201905  
Phone: (86) 21-3604-1188 Fax: (86) 21-3604-0916

Qidong Yushiro Chemical Industry Co., Ltd.  
New Qidong Port North  
Qidong City, Jiangsu, Province, China  
Phone: (86) 513-836-99942 Fax: (86) 513-836-99943

Yushiro-Jet Chemicals Sdn. Bhd.  
14, Jalan Utama 2/28, Pusat Perindustrian Maju Jaya,  
47100 Puchong, Selangor Darul Ehsan, Malaysia  
Phone: (60) 3-8061-9737 Fax: (60) 3-8062-2731  
URL: <http://www.jetchem.com.my/>

Yushiro (Thailand) Co., Ltd.  
AMATA Nakorn Industrial Estate 700/533 Moo7,  
Don Hua Roh, Muang, Chonburi 20000, Thailand  
Phone: (66) 38-454-873 Fax: (66) 38-454-879

Yushiro India Company Private Limited  
201, JMD Regent Square, M.G.Road,  
Gurgaon-122002 (Haryana), India  
Phone: (91)124-424-1650 Fax: (91)124-424-1652

PT. Yushiro Indonesia  
Jl. Maligi, Blok B-2B, Kawasan Industry KIIC,  
Karawang 41361-West Java, Indonesia  
Phone: (62)21-8911-4271

#### 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)-02-2522-1313 Fax: (886)-02-2522-1363

### Business on metalworking oils and fluids

#### What is "metalworking oils and fluids"

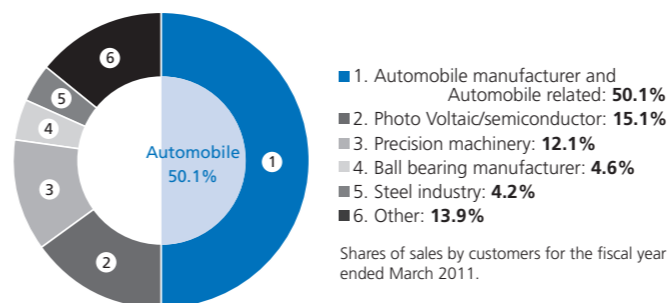
- Fluids used for processing steel and other metals into specific shapes.
- Important areas of fluid performance include lubricity, cooling ability, etc.
- Mainly used in the automotive, precision processing and semiconductor processing industries.

#### 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

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 50 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; Shanghai Yushiro Chemical Industry Co., Ltd., Qidong Yushiro Chemical Industry Co., Ltd., and Guangzhou Yushiro Oil & Fluids Co., Ltd., in China; Yushiro-Jet Chemicals Sdn. Bhd., in Malaysia; Yushiro (Thailand) Co., Ltd., in Thailand; Yushiro India Company Private Limited, in India; P.T.Yushiro Indonesia in Indonesia; and Yushiro Mexico S.A. de C.V. in Mexico; and our affiliates: Buhmwoo Chemical Industry Co., Ltd., and Buhmwoo Co., Ltd., in South Korea and San-I Chemical Co., Ltd., in Taiwan.

# CONSOLIDATED BALANCE SHEETS

(Unaudited)  
As of March 31, 2011 and 2010

Assets	Millions of yen		U.S. dollars in thousands (Note 5)
	2011	2010	2011
<b>Current assets:</b>			
Cash and time deposits	¥ 6,153	¥ 5,522	\$ 73,999
Notes and accounts receivable–trade	5,339	5,089	64,213
Marketable securities	390	390	4,700
Inventories	2,224	1,788	26,748
Income tax receivable	–	11	–
Deferred tax assets	244	226	2,935
Other current assets	309	342	3,724
Allowance for doubtful accounts	(24)	(53)	(294)
<b>Total current assets</b>	<b>14,636</b>	<b>13,317</b>	<b>176,026</b>
<b>Fixed assets:</b>			
Buildings and structures	2,752	3,369	33,102
Machinery, equipment and vehicle	829	1,408	9,973
Tools, furnitures and fixtures	146	224	1,764
Land	3,952	4,488	47,538
Lease assets	63	45	767
Construction in progress	89	65	1,078
(Total property, plant and equipment)	7,834	9,601	94,225
(Total intangible fixed assets)	183	169	2,210
Investment in securities	2,199	2,170	26,451
Investments in subsidiaries and affiliates	2,488	2,445	29,930
Long-term loans receivable	11	18	142
Savings premium	461	536	5,548
Deferred tax assets	19	36	239
Other assets	968	436	11,650
Allowance for doubtful accounts	(24)	(48)	(299)
(Total investments and other assets)	6,125	5,596	73,664
<b>Total fixed assets</b>	<b>14,143</b>	<b>15,367</b>	<b>170,101</b>
<b>Total assets</b>	<b>¥ 28,780</b>	<b>¥ 28,685</b>	<b>\$ 346,127</b>

Liabilities and net assets	Millions of yen		U.S. dollars in thousands (Note 5)
	2011	2010	2011
<b>Current liabilities:</b>			
Notes and accounts payable–trade	¥ 3,264	¥ 2,918	\$ 39,262
Short-term borrowings	900	1,339	10,826
Current portion of bonds payable	–	40	–
Accounts payable-other	434	552	5,222
Accrued corporate taxes	738	397	8,881
Accrued bonuses	486	473	5,855
Other current liabilities	668	653	8,042
<b>Total current liabilities</b>	<b>6,493</b>	<b>6,374</b>	<b>78,090</b>
<b>Long-term liabilities:</b>			
Long-term debt	160	2,005	1,934
Accrued retirement benefits for employees	879	1,050	10,581
Accrued retirement allowances for directors	184	212	2,214
Deferred tax liabilities	44	49	529
Other long-term liabilities	304	296	3,656
<b>Total long-term liabilities</b>	<b>1,572</b>	<b>3,613</b>	<b>18,917</b>
<b>Total liabilities</b>	<b>8,066</b>	<b>9,988</b>	<b>97,007</b>
<b>Net assets:</b>			
Shareholders' equity	22,916	20,639	275,605
Common stock	4,249	4,249	51,105
Capital surplus	4,058	3,994	48,807
Retained earnings	16,062	14,974	193,180
Treasury stock	(1,454)	(2,579)	(17,487)
Accumulated other comprehensive income	(3,309)	(2,938)	(39,797)
Net unrealized gains on securities	211	280	2,549
Currency translation adjustments	(3,521)	(3,218)	(42,346)
(Total minority interests)	1,106	995	11,978
<b>Total net assets</b>	<b>20,714</b>	<b>18,697</b>	<b>249,119</b>
<b>Total liabilities and net assets</b>	<b>¥ 28,780</b>	<b>¥ 28,685</b>	<b>\$ 346,127</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)  
For the Years Ended March 31, 2011 and 2010

	Millions of yen		U.S. dollars in thousands (Note 5)
	2011	2010	2011
Net sales	¥ 23,107	¥ 19,884	\$ 277,896
Cost of sales	15,690	13,733	188,699
Gross profit	7,416	6,150	89,196
Selling, general and administrative expenses	5,366	5,163	64,537
Operating income	2,050	987	24,658
Interest and dividend income	150	154	1,814
Equity in earnings of associated companies	381	295	3,548
Other income	74	171	900
Interest expenses	42	71	508
Other expenses	150	45	1,813
Ordinary income	2,464	1,491	29,637
Gain from sale of fixed assets	37	41	455
Gain from sale of investment in securities	162	–	1,954
Other extraordinary income	46	133	554
Loss on disposal of fixed assets	3	5	37
Other extraordinary losses	9	491	117
Income before income taxes	2,697	1,168	32,446
Corporate, local income enterprise taxes	994	453	11,955
Deferred taxes	1	65	23
Total income taxes	996	518	11,979
Income before minority interests	1,701	–	20,467
Minority interests	(266)	(197)	(3,202)
Net income	¥ 1,435	¥ 452	\$ 17,264

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)  
For the Years Ended March 31, 2011 and 2010

	Millions of yen		U.S. dollars in thousands (Note 5)
	2011	2010	2011
Cash flows from operating activities:	¥ 1,414	¥ 2,426	\$ 17,010
Cash flows from investing activities:	(127)	(59)	(1,530)
Cash flows from financing activities:	(558)	(1,085)	(6,721)
Effect of exchange rate changes on cash and cash equivalents	(223)	322	(2,683)
Net increase (decrease) in cash and cash equivalents	505	1,604	6,074
Cash and cash equivalents at beginning of year	5,892	4,288	70,866
Cash and cash equivalents at end of year	¥ 6,397	¥ 5,892	\$ 76,941

## IMPORTANT POINTS FORMING THE BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Scope of Consolidation

The scope of consolidation includes all 12 consolidated subsidiaries: Yushiro Unso Co., Ltd., Yushiro Manufacturing America Inc., Yushiro do Brasil Industria Quimica Ltda., Yushiro (Thailand) Co., Ltd., Qidong Yushiro Chemical Industry Co., Ltd., Shanghai Yushiro Chemical Industry Co., Ltd., Yushiro-Jet Chemicals Sdn.Bhd., Guangzhou Yushiro Oil & Fluids Co., Ltd., Yushiro India Company Private Limited., P.T. Yushiro Indonesia, Yushiro General Service Co., Ltd., and Yushiro Mexico S.A. de C.V.

NS. Yushiro Co., Ltd. was removed from the scope of consolidation from the current consolidated fiscal year as all of its shares were sold.

In addition, P.T. Yushiro Indonesia, Yushiro General Service Co., Ltd., and Yushiro Mexico S.A. de C.V. were newly established and included in the scope of consolidation from the current consolidated fiscal year.

### 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.

Yushiro Buhmwoo (India) (currently Young Buhmwoo India Company Private Limited) is no longer considered as an affiliate as it is not able to have a material impact on decisions relating to financial, sales, or business policy in terms of its financial, sales, or business relationship.

### 3. Fiscal Years of the Consolidated Subsidiaries

The fiscal year-end of all ten overseas subsidiaries 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 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 aggregate average cost method is adopted (i.e., the book value reduction method based on declines in profitability).

#### (3) Depreciation method used for major depreciable assets

##### 1. Tangible fixed assets (excluding leased assets)

The Company and its consolidated subsidiaries in Japan use the declining-balance method (however, the straight-line method is adopted for the Company's technical research center). However, the straight-line method is used for buildings acquired on or after April 1, 1998 (with the exception of annexed facilities). 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. Inexpensive tangible fixed assets costing ¥100,000 to ¥200,000 are equally amortized over 3 years on a straight-line basis.

##### 2. Intangible fixed assets (excluding leased assets)

The amortization of intangible fixed assets is computed 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 determined by the number of years of the useful life, with a zero residual value, is used.

Finance lease transactions without a transfer of ownership, with a lease that begins prior to the applicable initial year, continue to be handled according to the methods relating to conventional lease transactions.

#### (4) Reserves

##### Allowance for doubtful accounts

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

##### Accrued bonuses

The Accrued bonuses is provided at an estimated amount based on the internal payment prediction standard.

##### Reserve for directors' bonuses

At our subsidiaries Qidong Yushiro Chemical Industry Co., Ltd. and Shanghai 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.

##### Accrued retirement benefits for employees

The accrued retirement benefits for employees are provided for possible payment of employees' post-retirement benefits at the amount to be accrued at the balance sheet date, and are calculated based on the retirement benefit obligation and fair value of pension plan assets at the end of this fiscal year. The actuarial gain or loss is amortized by the straight-line method over a period of 10 years, which is shorter than the average remaining service years for employees at the time of recognition, from the following year of recognition.

##### Accrued retirement allowances for directors

In order to prepare the reserve for retirement allowances for directors, the Company and its subsidiary Yushiro Unso Co., Ltd., based on the internal regulations, utilize an accounting method calculated according to the estimated amount to be accrued by the consolidated balance sheet date.

##### Litigation Loss Reserves

In order to prepare for potential losses on litigation, we have estimated value of potential future losses and recorded the amount deemed necessary as litigation loss reserves.

#### (5) 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 that can be easily liquidated and have maturities within three months of acquisition that are exposed to only a minimal value fluctuation risk.

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

##### 1. 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 a gain or loss.

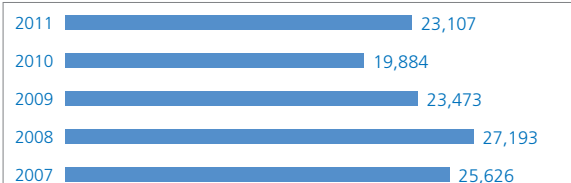
##### 2. Accounting treatment of consumption tax, etc.

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

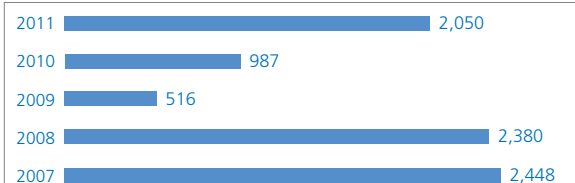
#### 5. The U.S. dollar amounts in the financial statements for the fiscal year ended March 31, 2011, represent translation of Japanese yen at the rate of ¥83.15=US\$1.00.

## FINANCIAL INDICATORS

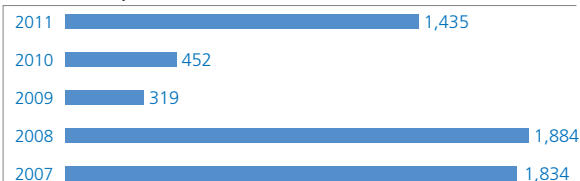
### Net Sales (yen in million)



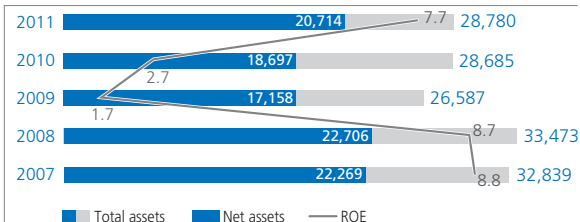
### Operating Income (yen in million)



### Net Income (yen in million)



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



## CORPORATE DATA (as of March 31, 2011)

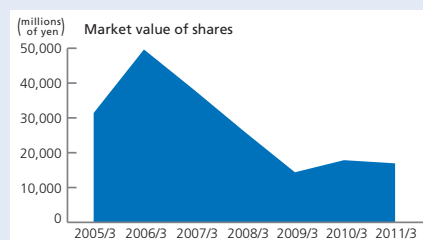
Head Office	34-16, 2-chome, Chidori, Ota-ku, Tokyo 146-8510, Japan Phone: (03) 3750-3100 Fax: (03) 3750-9915 URL: <a href="http://www.yushiro.co.jp">http://www.yushiro.co.jp</a>
Capital	¥4,249 million
Employees	332
Established	July 24, 1944
Branch Offices	Tokyo, Nagoya and Osaka
Sales Offices	Hokkaido, Tohoku, Kitakanto, Hamamatsu, Hokuriku, Fukuyama, Hiroshima and Kyushu

### Directors and Auditors (as of June 23, 2011)

President	Eiichi Ogo	Directors	Yuji Kishi
Chairman	Yoshiaki Nagai		Haruo Okamoto
Managing Directors	Masahisa Hirobe		Shinji Hamamoto
	Tatsuharu Hyakusoku	Standing Auditors	Yasuo Chiba
	Yoshihiro Sakaguchi		Tsuneo Onda
		Auditor (CPA)	Akitaka Nozue

## STOCK INFORMATION (as of March 31, 2011)

Number of shares issued	15,200,065
Trading unit	100
Total number of shareholders	6,202
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.
Stock prices	



Term	2010.4	2010.5	2010.6	2010.7	2010.8	2010.9	2010.10	2010.11	2010.12	2011.1	2011.2	2011.3
High (Yen/share)	1,260	1,250	1,248	1,234	1,196	1,147	1,105	1,148	1,249	1,421	1,425	1,312
Low (Yen/share)	1,142	1,050	1,080	1,040	1,060	1,070	940	950	1,053	1,203	1,216	830
Trading volume (Hundred of shares)	2,288	2,828	2,679	1,720	1,911	1,617	1,851	2,564	6,170	6,903	5,671	18,601