Consolidated Balance Sheets

(Millions of yen)

	Prior Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Assets		
Current assets:		
Cash and deposits	181,078	180,023
Notes and accounts receivable - trade	177,733	177,870
Securities	5,865	1,220
Inventories	132,390	130,500
Deferred tax assets	7,687	7,380
Other	21,529	20,720
Allowance for doubtful accounts	(2,136)	(2,316)
Total current assets	524,148	515,399
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	402,815	408,822
Accumulated depreciation	(261,790)	(265,368)
Buildings and structures, net	141,025	143,454
Machinery, equipment and vehicles	536,142	548,967
Accumulated depreciation	(413,609)	(415,754)
Machinery, equipment and vehicles, net	122,533	133,213
Land	65,939	65,280
Construction in progress	13,459	15,062
Other	84,344	87,007
Accumulated depreciation	(68,234)	(69,800)
Other, net	16,109	17,207
Total property, plant and equipment	359,066	374,218
Intangible assets	20,810	20,101
Investments and other assets:		
Investment securities	21,125	23,278
Deferred tax assets	12,508	14,750
Other	18,257	17,129
Allowance for doubtful accounts	(1,857)	(1,646)
Total investments and other assets	50,034	53,512
Total noncurrent assets	429,911	447,832
Total assets	954,060	963,231

Consolidated Balance Sheets

(Millions of yen)

	Prior Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	66,342	67,043
Short-term loans payable	4,860	4,489
Current portion of long-term loans payable	1,013	17
Current portion of bonds	9,999	-
Income taxes payable	6,459	5,892
Deferred tax liabilities	613	1,450
Provision for bonuses	13,403	15,493
Deposits received from employees	33,544	33,969
Other	62,030	57,428
Total current liabilities	198,268	185,786
Noncurrent liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	1,015	2,013
Deferred tax liabilities	1,431	1,568
Net defined benefit liabilities	172,100	144,553
Provision for directors' retirement benefits	761	803
Other	8,935	8,658
Total noncurrent liabilities	194,244	167,597
Total liabilities	392,513	353,383
Net assets		
Shareholders' equity:		
Capital stock	11,992	11,992
Capital surplus	35,215	35,218
Retained earnings	563,512	605,815
Treasury stock	(11)	(12)
Total shareholders' equity	610,708	653,014
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	5,033	5,971
Deferred gains or losses on hedges	(264)	201
Foreign currency translation adjustments	(4,150)	(14,376)
Remeasurements of defined benefit plans	(63,407)	(49,807)
Total accumulated other comprehensive income	(62,788)	(58,011)
Non-controlling interests	13,626	14,845
Total net assets	561,547	609,848
Total liabilities and net assets	954,060	963,231

Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net sales	741,935	712,783
Cost of sales	471,645	452,607
Gross profit	270,290	260,175
Selling, general and administrative expenses	201,125	199,893
Operating income	69,164	60,282
Non-operating income:		
Interest income	2,337	1,504
Dividends income	416	420
Miscellaneous income	3,240	2,665
Total non-operating income	5,993	4,591
Non-operating expenses:		
Interest expenses	824	358
Foreign exchange losses	798	268
Miscellaneous loss	2,546	2,701
Total non-operating expenses	4,169	3,328
Ordinary income	70,988	61,545
Extraordinary income:		
Gain on sales of noncurrent assets	150	1,723
Gain on sales of investment securities	104	266
Gain on step acquisitions	-	497
Other	45	47
Total extraordinary income	299	2,535
Extraordinary loss:		
Loss on sales of noncurrent assets	491	97
Loss on retirement of noncurrent assets	2,676	2,056
Loss on disaster	-	713
Loss on transfer of business	-	415
Other	3,215	391
Total extraordinary loss	6,383	3,674
Income before income taxes and non-controlling interests	64,905	60,406
Income taxes-current	20,176	15,764
Income taxes-deferred	(1,874)	(1,967)
Total income taxes	18,302	13,797
Net income	46,602	46,608
Net income attributable to non-controlling interests	1,956	1,427
Net income attributable to owners of parent	44,646	45,180

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net income	46,602	46,608
Other comprehensive income:		
Valuation difference on available-for-sale securities	(1,337)	937
Deferred gains or losses on hedges	(860)	465
Foreign currency translation adjustments	(35,649)	(9,694)
Remeasurements of defined benefit plans	(29,409)	13,678
Share of other comprehensive income of associates accounted for using equity method	(41)	2
Total other comprehensive income	(67,298)	5,389
Comprehensive income	(20,695)	51,998
Comprehensive income attributable to:		
Owners of the parent	(21,338)	49,957
Non-controlling interests	642	2,040

Consolidated Statements of Changes in Net Assets

Prior Fiscal Year (From April 1, 2015 to March 31, 2016) (Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,992	34,938	522,357	(10)	569,277
Changes in items during the period					
Dividends from surplus			(2,637)		(2,637)
Net income attributable to owners of parent			44,646		44,646
Purchase of treasury stock				(1)	(1)
Changes in equity attributable to transactions with non-controlling interests		277			277
Changes in the scope of consolidation			(853)		(853)
Net changes in items other than shareholders' equity					
Total changes in items during the period	–	277	41,154	(1)	41,431
Balance at the end of current period	11,992	35,215	563,512	(11)	610,708

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	6,371	596	30,358	(34,160)	3,165	14,220	586,664
Changes in items during the period							
Dividends from surplus							(2,637)
Net income attributable to owners of parent							44,646
Purchase of treasury stock							(1)
Changes in equity attributable to transactions with non-controlling interests							277
Changes in the scope of consolidation							(853)
Net changes in items other than shareholders' equity	(1,338)	(860)	(34,508)	(29,247)	(65,954)	(593)	(66,548)
Total changes in items during the period	(1,338)	(860)	(34,508)	(29,247)	(65,954)	(593)	(25,116)
Balance at the end of current period	5,033	(264)	(4,150)	(63,407)	(62,788)	13,626	561,547

Consolidated Statements of Changes in Net Assets

Current Fiscal Year (From April 1, 2016 to March 31, 2017) (Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,992	35,215	563,512	(11)	610,708
Changes in items during the period					
Dividends from surplus			(2,877)		(2,877)
Net income attributable to owners of parent			45,180		45,180
Purchase of treasury stock				(1)	(1)
Changes in equity attributable to transactions with non-controlling interests		2			2
Net changes in items other than shareholders' equity					
Total changes in items during the period	–	2	42,303	(1)	42,305
Balance at the end of current period	11,992	35,218	605,815	(12)	653,014

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,033	(264)	(4,150)	(63,407)	(62,788)	13,626	561,547
Changes in items during the period							
Dividends from surplus							(2,877)
Net income attributable to owners of parent							45,180
Purchase of treasury stock							(1)
Changes in equity attributable to transactions with non-controlling interests							2
Net changes in items other than shareholders' equity	937	465	(10,226)	13,600	4,776	1,218	5,995
Total changes in items during the period	937	465	(10,226)	13,600	4,776	1,218	48,300
Balance at the end of current period	5,971	201	(14,376)	(49,807)	(58,011)	14,845	609,848

Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	64,905	60,406
Depreciation and amortization	46,719	47,844
Increase (decrease) in allowance for doubtful accounts	10	(252)
Increase (decrease) in net defined benefit liabilities	3,886	(13,896)
Interest and dividends income	(2,753)	(1,925)
Interest expenses	824	358
Equity in (earnings) losses of affiliates	3	67
Loss on retirement of property, plant and equipment	1,666	1,053
Loss (gain) on sales of property, plant and equipment	340	(1,625)
Decrease (increase) in notes and accounts receivable - trade	(1,045)	(1,725)
Decrease (increase) in inventories	(4,294)	477
Increase (decrease) in notes and accounts payable - trade	1,377	1,434
Other, net	10,314	4,673
Subtotal	121,955	96,889
Interest and dividends income received	2,731	1,931
Interest expenses paid	(829)	(349)
Income taxes paid	(22,129)	(16,852)
Net cash provided by (used in) operating activities	101,727	81,619
Net cash provided by (used in) investing activities		
Net decrease (increase) in short-term loans receivable	(161)	52
Payments into time deposits	(17,180)	(8,651)
Proceeds from withdrawal of time deposits	9,854	18,188
Purchases of property, plant and equipment	(85,126)	(68,476)
Proceeds from sales of property, plant and equipment	977	3,055
Purchases of intangible assets	(2,684)	(2,937)
Proceeds from sales of intangible assets	3	7
Purchases of investment securities	(813)	(582)
Proceeds from sales and redemption of investment securities	113	287
Purchases of stocks of subsidiaries and affiliates	(36)	(32)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(200)
Payments of long-term loans receivable	(22)	(45)
Other, net	(175)	(10)
Net cash provided by (used in) investing activities	(95,252)	(59,345)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(87)	(578)
Repayments of finance lease obligations	(203)	(303)
Proceeds from long-term loans payable	20	1,021
Repayments of long-term loans payable	(491)	(1,014)
Redemption of bonds	–	(10,000)
Purchases of treasury stock	(1)	(1)
Cash dividends paid	(2,637)	(2,874)
Cash dividends paid to non-controlling interests	(940)	(816)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(18)	(1)
Net cash provided by (used in) financing activities	(4,359)	(14,569)
Effect of exchange rate change on cash and cash equivalents	(8,548)	(3,673)
Net increase (decrease) in cash and cash equivalents	(6,432)	4,029
Cash and cash equivalents at the beginning of period	173,558	167,229
Increase in cash and cash equivalents from newly consolidated subsidiaries	103	–
Cash and cash equivalents at the end of period	167,229	171,259

Notes to the Consolidated Financial Statements

Significant Accounting Policies

1. Scope of consolidation
   (1) Number of consolidated subsidiaries 110
   Decrease in consolidated subsidiaries due to mergers with other consolidated subsidiaries................................ 3
   YKK AP Exterior Inc.
   Kyushu Exterior Industry Inc.
   Hokuriku PG Inc.
   Number of newly consolidated subsidiaries formerly unconsolidated due to equity acquisition 1
   YKK PHILIPPINES, INC.
   (2) Number of unconsolidated subsidiaries 5
   Name of major unconsolidated subsidiary:
   Y2K HOLDINGS CORPORATION
   The reason for exclusion from consolidation is as follows:
   These companies have been excluded from consolidation because they are small, and their total assets, net sales, net income (amount equivalent to the equity portion held by the Company) and retained earnings (amount equivalent to the equity portion held by the Company) do not have a significant effect on the consolidated financial statements.

2. Application of equity method
   (1) Number of companies accounted for using the equity method
   Not applicable.
   (2) Number of companies not accounted for using the equity method... 7
   Unconsolidated subsidiaries: 5
   Y2K HOLDINGS CORPORATION and others
   Affiliated companies: 2
   L-Y PHILIPPINES INC. and others
   The reason for not applying the equity method is as follows:
   These companies are not accounted for using the equity method because their impact is not significant on the consolidated financial statements in terms of their total net income (amount equivalent to the equity portion held by the Company) and retained earnings (amount equivalent to the equity portion held by the Company), and they are not significant as a whole.

3. Accounting period of consolidated subsidiaries
   The fiscal year end of certain foreign consolidated subsidiaries, including SHANGHAI YKK ZIPPER CO., LTD., is December 31. These subsidiaries are consolidated using their financial statements as of the parent fiscal year end, which are prepared solely for consolidation purposes.

4. Matters regarding accounting policy
   (1) Valuation method for assets
   a) Securities:
   1) Held-to-maturity debt securities
   1. Held-to-maturity debt securities are carried at amortized cost (Straight-line).
   2) Other securities
   a. Marketable securities
   Marketable securities are carried at fair value as of the parent fiscal year end, with changes in unrealized gains or losses included directly in net assets. Cost of securities sold is determined using the moving average method.
   b. Non-marketable securities
   Non-marketable securities are carried at cost, which is determined using the moving average method.
   b) Derivatives:
   Derivative financial instruments are stated at fair value.
   c) Inventories:
   Inventories are mainly stated at cost based on the average method (the balance sheet amounts are determined including any required write- downs based on any decrease in profitability).

(2) Depreciation of assets
  a) Property, plant and equipment (excluding leased assets):
     Depreciation is calculated using the straight-line method.
     The estimated useful lives are as follows:
     Buildings and structures 2 - 50 years
     Machinery, equipment and vehicles 2 - 15 years
  b) Intangible assets (excluding leased assets):
     Amortization is calculated using the straight-line method.
     Software for internal use is amortized over a period of mainly 5 years.
  c) Leased assets:
     Leased assets held under finance lease transactions, where ownership is not transferred
     Depreciation of leased assets is calculated using the straight-line method over the lease terms with no residual value.

(3) Basis for significant reserves
  a) Allowances for doubtful accounts:
     Allowances for doubtful accounts are provided at an amount sufficient to cover probable losses on collection. The allowances consist of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the historical actual percentage of collection losses on normal receivables.
  b) Provision for bonuses:
     Accrued bonuses of the Company and its consolidated subsidiaries have been provided based on the estimated amount of bonuses to be paid to employees that relates to the current fiscal year.
  c) Provision for directors' retirement benefits
     Provision for directors’ retirement benefits of the Company and certain domestic consolidated subsidiaries has been made at an amount to be required at the fiscal year end based on the Company’s bylaws.

(4) Accounting for retirement benefits
  a) Attribution to periods of expected benefits
     Company and its domestic consolidated subsidiaries calculate retirement benefits obligations by using the straight-line method to attribute expected benefits to the periods up to the current fiscal year.
  b) Amortization of actuarial gains and losses and past service costs
     The Company and its domestic consolidated subsidiaries amortize past service costs using the straight-line method over the average remaining years (10-22 years) of service of eligible employees.
     Amortization of actuarial gains or losses begins in the fiscal year after the fiscal year in which the gain or loss is recognized, and is recorded using the straight-line method over a period within the average remaining years (10-22 years) of service of eligible employees.

(5) Reporting of significant revenues and expenses
  Recognition of sales and costs of construction contracts
  Revenue and costs from construction contracts have been accounted for based on the percentage of completion method for the portion of construction completed by the end of the current fiscal year, when the outcome of the construction contracts can be estimated reliably (the percentage of completion is estimated based on costs incurred). The completed contract method has been applied for all other construction contracts.

(6) Translation of significant assets and liabilities denominated in foreign currencies into yen
  Current and noncurrent receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the consolidated balance sheet date, and differences arising from the translation are included in the consolidated statements of income. All asset and liability accounts of foreign consolidated subsidiaries and affiliates are translated into yen at the rates of exchange in effect at the consolidated balance sheet date, and all income and expense accounts are translated into yen at the average exchange rate during the year. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting
  a) Hedge accounting
     Deferral hedge accounting is adopted, in principle. Forward foreign exchange contracts are subject to appropriation if they satisfy the requirements for appropriation treatment.
  b) Hedging instruments and hedged items
     Hedging instruments and hedged items for which hedge accounting is adopted in the current fiscal year are as follows:
     Hedging instruments: Forward foreign exchange contracts, currency swaps
     Hedged items: Payables denominated in foreign currencies, forecast transactions denominated in foreign currencies.
  c) Hedging policy
     Foreign exchange fluctuation risk is hedged in accordance with the Company’s internal policies.
  d) Assessment of hedge effectiveness
     Hedge effectiveness is assessed quarterly, based on the change in market value of hedged items and the change in market value of hedging instruments. Forward foreign exchange contracts, which are subject to appropriation treatment, are excluded from the assessment of hedge effectiveness.

(8) Goodwill amortization method and period
In principle, goodwill is amortized using the straight-line method over an estimated effective period. When the amount of goodwill is insignificant or when it is impracticable to estimate its effective period, goodwill is fully expensed in the period in which it arises.
(9) Cash and cash equivalents in the Consolidated Statements of Cash Flows
Cash and cash equivalents consist of cash on hand, cash at banks that can be withdrawn at any time, and short-term investments with a maturity of 3 months or less when purchased that can easily be converted to cash and are subject to little risk of change in value.
(10) Other significant accounting policies of the Consolidated Financial Statements
a) Accounting for consumption tax
Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.
b) Application of the consolidated tax return system
The Company applies the Consolidated Tax Return System.
(Changes in Accounting Policy)
Not applicable.
(Changes in presentation)
(Consolidated statement of income)
"Impairment loss" was recorded independently under "Extraordinary loss" in the prior fiscal year, but it will be included in "Other" from the current fiscal year forward as it has fallen below one-tenth of the total amount of the "Extraordinary loss." To reflect these changes in presentation, reclassifications have been made to the consolidated financial statements for the prior fiscal year presented herein.
As a result, 2,731 million yen included in "Impairment loss" and 484 million yen in "Other" in the consolidated statement of income for the prior fiscal year has been reclassified as 3,215 million yen of "Other."

(Consolidated Statements of Cash Flows)
"Impairment loss" was recorded independently under "Cash flows from operating activities" in the prior fiscal year, but as its significance has diminished, it will be included in "Other" under "Cash flows from operating activities" from the current fiscal year forward. To reflect these changes in presentation, reclassifications have been made to the consolidated financial statements for the prior fiscal year presented herein.
As a result, 2,731 million yen included in "Impairment loss" and 7,583 million yen in "Other" in the Consolidated Statements of Cash Flows for the prior fiscal year has been reclassified as 10,314 million yen of "Other."

(Additional information)
(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)
We will apply ASBJ Guidance No. 26, “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (released on March 28, 2016) from the current fiscal year forward.

Segment Information

1. Overview of reportable segments
   The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance. The Group operates based on comprehensive strategies for products in Japan and overseas, which are planned for each business. Accordingly, the Company consists of two reportable segments, identified by products and based on division, which are the "Fastening Products" business and the "AP" business. The "Fastening Products" business manufactures and sells fasteners, fastener parts, fastener materials, snap fasteners, buttons, etc. The "AP" business manufactures and sells residential products and sashes, commercial products and sashes, interior doors and partitions, exterior materials, industrial products and architectural products.

2. Calculation method for net sales, income or loss, assets, liabilities and other items by reportable segments
   Reportable segment income is calculated from operating income.
   Intersegment sales and transfers are recorded generally at market prices and the cost of goods manufactured.

3. Information on net sales, income or loss, assets, liabilities and other items by reportable segments

Prior Fiscal Year (From April 1, 2015 to March 31, 2016) (Millions of yen)

	Reportable segments			Other *1	Adjustments *2	Consolidated *3
	Fastening Products	AP	Total			
Net sales						
Sales to third parties	326,222	407,763	733,986	7,949	–	741,935
Intersegment sales and transfers	383	451	835	62,120	(62,955)	–
Total	326,605	408,215	734,821	70,070	(62,955)	741,935
Segment income	60,699	24,329	85,029	705	(16,570)	69,164
Segment assets	466,414	379,835	846,250	289,125	(181,315)	954,060
Other items						
Depreciation and amortization	27,663	13,445	41,108	3,223	2,387	46,719
Increase in tangible and intangible assets	45,868	17,944	63,813	17,469	7,292	88,574

Notes:
1. "Other" includes businesses which manufacture and sell the following: equipment for manufacturing fastening products; equipment for manufacturing architectural products; molds; and machine parts. It also includes real estate, aluminum smelting and other businesses.
2. (1) Adjustments for segment income of (16,570) million yen include a 1,475 million yen elimination of inter-segment transactions and (18,342) million yen of operating expenses not allocable to reportable segments. Operating expenses not allocable to reportable segments include those related to administrative departments.
   (2) Adjustments for segment assets of (181,315) million yen include a (73,476) million yen elimination of receivables due from head office administrative departments, 475,956 million yen of corporate assets not allocable to reportable segments, and a (994) million yen adjustment for inventories.
3. Segment income has been reconciled to operating income represented in the Consolidated Statements of Income.

Current Fiscal Year (From April 1, 2016 to March 31, 2017) (Millions of yen)

	Reportable segments			Other *1	Adjustments *2	Consolidated *3
	Fastening Products	AP	Total			
Net sales						
Sales to third parties	292,700	413,251	705,951	6,831	–	712,783
Intersegment sales and transfers	301	326	628	58,052	(58,681)	–
Total	293,002	413,578	706,580	64,884	(58,681)	712,783
Segment income	47,398	27,771	75,169	962	(15,849)	60,282
Segment assets	471,363	391,705	863,068	279,156	(178,994)	963,231
Other items						
Depreciation	27,660	14,072	41,732	3,321	2,789	47,844
Increase in tangible and intangible assets	43,271	18,982	62,253	4,579	1,794	68,627

Notes:
1. "Other" includes businesses which manufacture and sell the following: equipment for manufacturing fastening products; equipment for manufacturing architectural products; molds; and machine parts. It also includes real estate, aluminum smelting and other businesses.
2. (1) Adjustments for segment income of (15,849) million yen include a 1,889 million yen elimination of inter-segment transactions and (18,027) million yen of operating expenses not allocable to reportable segments. Operating expenses not allocable to reportable segments include those related to administrative departments.
   (2) Adjustments for segment assets of (178,994) million yen include a (74,902) million yen elimination of receivables due from head office administrative departments, 483,441 million yen of corporate assets not allocable to reportable segments, and a (898) million yen adjustment for inventories.
3. Segment income has been reconciled to operating income represented in the Consolidated Statements of Income.

This document (p1-p12) includes excerpts translated from the Yukashoken-Houkokusho filed with the Financial Services Agency, on which Ernst & Young ShinNihon LLC expressed an unqualified audit opinion.