A N N U A L R E P O R T 2 0 0 0 YKK CORPORATION

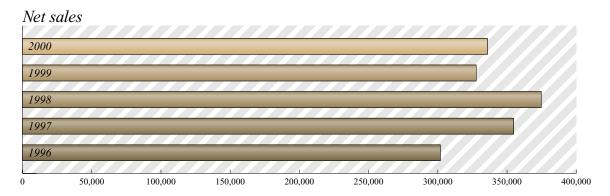
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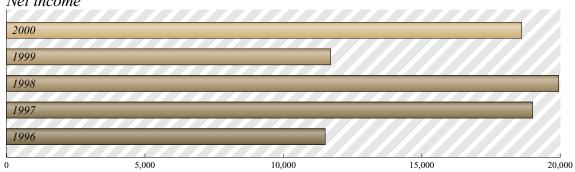
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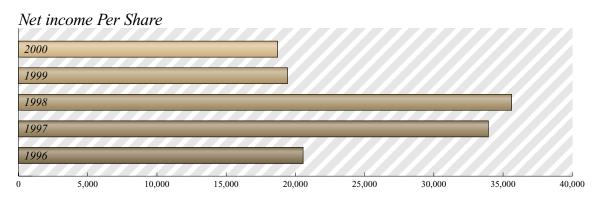
Financial Highlights YKK Corporation and Consolidated Subsidiaries

Years ended 31st March		Millions of yen	Thousands of U.S. dollars
	2000	1999	2000
Net sales Net income	¥335,816 18,606	¥327,750 11,697	\$3,168,075 175,528
		yen	U.S. dollars
Net income per share	¥18,705	¥19,424	\$176.46

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of #106=U.S. \$1.







Net income



Message from the President

The YKK group has set its sights high for the new millennium. Our main goal is to become one of the world's leading companies by the early 2000's.

To accomplish this, we need to achieve specific results and establish the management systems to attain them. Needless to say, we also intend to make major contributions to society and develop new technologies that improve people's lives.

We will also need to reform various systems and firmly establish new ones to accomplish our goal. Because industries such as construction have not yet fully recovered from the recent recession, we must establish a strong business foundation this year in order to pave the way for steady progress in the future.

In fiscal 2000, we cannot expect to see extensive recovery in the construction market. Nevertheless, we will strive to generate new sales and production ideas based on the Division System, while also streamlining management to improve our business efficiency.

Within the Fastening Products Division, we plan to strengthen the Fasteners Subdivision's global business. To this end, we will make a number of large-scale investments this year. These include building factories in countries that are near large markets in North America and Europe, expanding in Asia, especially China, and building a new factory in Sri Lanka. Concerning the snap fasteners and buttons business, we intend to establish a dominant position in the Japanese market and make inroads into Asian markets by assigning a leading role to Scovill Japan Ltd., which became a YKK group company last year.

Last year, YKK Corporation and YKK Architectural Products Inc. adopted the Executive Officers System, while the Fastening Products Division, Machinery and Engineering Division, and YKK AP Group all adopted the division system.

We will consolidate these systems in fiscal 2000 in order to quickly respond to customers' needs and clarify the results of each division.

Tadahiro Yoshida President adhiri yn h



Name of Building: AER (JAPAN) Stage One (South zone) of the development of the area North of Sendai Station

Consolidated Financial Review

During fiscal 1999, the U.S. economy displayed continued growth, and the European economies enjoyed steady recovery. In Asia, economic recovery also stayed strong.

Meanwhile, Japan failed to develop clear signs of self-sustainable recovery, although the environment surrounding private-sector demand continued to improve.

Under such circumstances, the consolidated YKK Group (YKK and its subsidiaries) focused on securing profitability by further lowering the break-even point and boosting the competitive edge. The Group also strove to increase sales through active product development and overseas investment, and responded quickly to market needs by maximizing business specialization based on the newly introduced executive director system. Although the unfavorable exchange rate of the Japanese yen adversely affected the business results of our consolidated overseas subsidiaries, overall business performance showed an upswing, thanks to our extensive review of the consolidation scope and the addition of 21 subsidiaries (¥43,876 million (US\$424 million) to the Group. Net sales by division were as follows:

Fastening Products Division :	¥172,497 million (US\$1,627 million)
Architectural Products Division :	¥154,213 million (US\$1,455 million)
Other Divisions :	¥ 9,105 million (US\$ 86 million)
Total sales :	¥335,816 million (US\$3,168 million)

Total sales increased 2.5% over fiscal 1998's \\$327,750 million (US\\$2,709 million), which in turn represented a 12.5% decrease from the previous term.

In terms of divisions, the Fastening Products Division strove to strengthen its technological development capability, product distribution and supply systems, global marketing system, and information system. The division achieved a large increase of sales, in part due to notable growth of demand for fashion apparel with fasteners that emerged in Japan during the latter half of the previous consolidated fiscal year and our prompt response to purchase activities of the world's major companies in Asia in their global procurement efforts. As a result, total sales of the Fastening Products Division increased 3.9% over the previous term. In the fiscal year under review, Scovill Japan Ltd. (metal button company) and one other company joined the YKK Group. With these new members, the Group has begun global reorganization of the Snap Fasteners and Buttons Subdivision and expansion of its business operations mainly in Asia.

The Architectural Products Division continued to face difficult conditions due to intensified price competition in the domestic market although the overseas markets showed signs of demand recovery. To counteract this trend and strengthen the business structure, we lowered our break-even point through extensive cost reduction achieved by reviewing production costs of each product in accordance with the comprehensive business policies covering every stage of production, distribution and marketing of all products.

The division's Residential Construction Materials Section focused on the expansion of sales of our cost-competitive mainstay products and also launched new products incorporating new technologies and concepts. However, due to the strong pressure in the market for price reduction, sales remained about the same as in the previous term. The Commercial Construction Materials Section strove to increase the sales of products for multi-unit residential buildings in the declining building construction market, but sales only reflected the unfavorable market conditions. Although we strengthened the marketing of general formed materials in the consolidated fiscal year under review in an effort to expand business in other fields such as metals, machinery and transportation, sales decreased 2.1% from the previous term.

As regards other divisions, the Machinery and Engineering Division experienced sluggish sales of construction-related products such as construction material processing machines and automatic door engines due to harsh conditions in the domestic construction materials market. Overall, however, sales of other divisions climbed 119.8%, partly due to the consolid ation of seven companies.

For the Group as a whole, costs of sales decreased to 67.0% of net sales during fiscal 1999, down 1.5% from the previous year. Selling, general, and administrative expenses were 21.8% of net sales, up 1.2% from the previous term.

Overall, net income increased 59.1% to ¥18,606 million (US\$176 million) which included ¥2,096 million (US\$20 million) resulting from the adjustment of the annual corporate tax in accordance with the tax effect accounting applicable from the consolidated fiscal year under review.

Net income per share decreased to ¥18,705 (US\$176.00) from fiscal 1998's ¥19,424 (US\$160.53). The dividend per share was ¥1,800 (US\$17.00), or 18% per annum.

Five-Year Summary YKK Corporation and Consolidated Subsidiaries

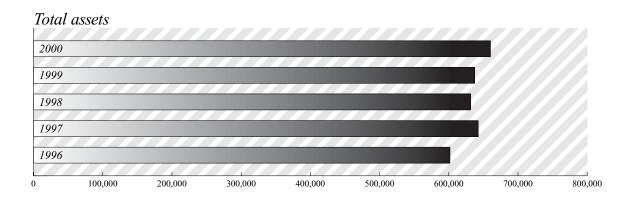
Years ended 31st March				Million	s of yen and thousa excep	nds of U.S. dollars t per share figures
-	2000	1999	1998	1997	1996	2000
For the Fiscal Year:						
Net sales	¥335,816	¥327,750	¥374,740	¥354,675	¥301,808	\$3,168,075
Income before income taxes,						
minority interests, equity in earnings						
and translation adjustments	32,435	27,593	38,409	40,194	24,754	305,991
Income taxes	13,899	14,401	17,488	20,298	12,834	131,123
Net income	18,606	11,697	19,943	19,005	11,510	175,528
Per Share Data:						
Net income	¥18,705	¥19,424	¥35,613	¥33,938	¥20,554	\$176.46
Cash dividends	1,800	1,950	1,800	1,800	1,800	16.98
At Year End:						
Total assets	¥660,180	¥637,133	¥631,469	¥642,519	¥601,638	\$6,228,113
Shareholders' equity	340,487	311,009	291,194	272,449	254,385	3,212,142

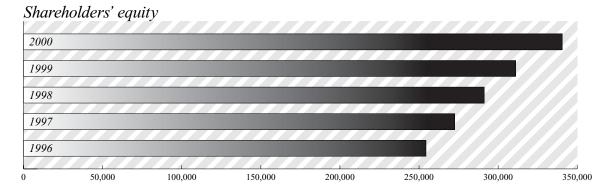
Notes:

(1) U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of #106=U.S. 1.

(2) The computation of the above amounts per share has been based on the average number of shares outstanding during each period.

(3) Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective period.





Consolidated Balance Sheets

YKK Corporation and Consolidated Subsidiaries

ASSETS Current assets : Cash and cash equivalents (<i>Note 14</i>) Time deposits and short-term investments in securities Notes and accounts receivable : Trade Unconsolidated subsidiaries and affiliated companies (<i>Note 12</i>) Allowance for doubtful accounts Inventories (<i>Note 3</i>) Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets Total current assets	2000 ¥ 58,367	1999	2000
Cash and cash equivalents (<i>Note 14</i>) Time deposits and short-term investments in securities Notes and accounts receivable : Trade Unconsolidated subsidiaries and affiliated companies (<i>Note 12</i>) Allowance for doubtful accounts Inventories (<i>Note 3</i>) Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets	¥ 58 367		
Cash and cash equivalents (<i>Note 14</i>) Time deposits and short-term investments in securities Notes and accounts receivable : Trade Unconsolidated subsidiaries and affiliated companies (<i>Note 12</i>) Allowance for doubtful accounts Inventories (<i>Note 3</i>) Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets	¥ 58 367		
Time deposits and short-term investments in securities Notes and accounts receivable : Trade Unconsolidated subsidiaries and affiliated companies (<i>Note 12</i>) Allowance for doubtful accounts Inventories (<i>Note 3</i>) Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets		¥ 82,467	\$ 550,632
Notes and accounts receivable : Trade Unconsolidated subsidiaries and affiliated companies (<i>Note 12</i>) Allowance for doubtful accounts Inventories (<i>Note 3</i>) Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets	9,305	13,128	¢ 556,652 87,783
Trade Unconsolidated subsidiaries and affiliated companies (<i>Note 12</i>) Allowance for doubtful accounts Inventories (<i>Note 3</i>) Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	15,120	01,105
Unconsolidated subsidiaries and affiliated companies (<i>Note 12</i>) Allowance for doubtful accounts Inventories (<i>Note 3</i>) Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets	39,420	79,274	371,887
Allowance for doubtful accounts Inventories (Note 3) Short-term loans receivable (Note 12) Deferred tax assets (Note 7) Other current assets	47,947	1,863	452,330
Inventories (Note 3) Short-term loans receivable (Note 12) Deferred tax assets (Note 7) Other current assets	(1,258)	(1,601)	(11,868)
Short-term loans receivable (<i>Note 12</i>) Deferred tax assets (<i>Note 7</i>) Other current assets	86,109	79,536	812,349
Short-term loans receivable (Note 12) Deferred tax assets (Note 7) Other current assets	70,994	68,727	669,755
Deferred tax assets (Note 7) Other current assets	22,457	31,886	211,858
Other current assets	3,688	_	34,792
Total current assets	9,323	8,419	87,953
	260,246	284,164	2,455,151
—			
Investments and advances :			
Investments in unconsolidated subsidiaries and affiliated companies	7,959	4,437	75,085
Investments in other securities (Notes 4 and 5)	14,701	11,775	138,689
Loans receivable	_	38,950	_
Total investments and advances	22,660	55,162	213,774
Property, plant and equipment (Notes 5 and 10) :			
Land	67,579	38,747	637,538
Buildings and structures	284,292	243,104	2,682,000
Machinery and equipment	406,834	404,756	3,838,057
Construction in progress	12,328	8,611	116,302
	771,033	695,218	7,273,896
Accumulated depreciation	(472,718)	(435,033)	(4,459,604)
Property, plant and equipment, net	298,315	260,187	2,814,292
Other assets :			
Deferred tax assets (Note 7)	18,748	_	176,868
Other	21,620	16,691	203,962
Total other assets	40,368	16,691	380,830
Translation adjustments	38,586	20,927	364,019
Total assets	¥660,180	¥637,133	\$6,228,113

		Millions of yen	Thousands of U.S. dollars (Note 2)
LIABILITIES AND SHAREHOLDERS' EQUITY	2000	1999	2000
Current liabilities :			
Short-term borrowings (Note 5)	¥ 47,568	¥ 51,769	\$ 448,755
Current portion of long-term debt (Note 5)	10,789	20,742	101,783
Notes and accounts payable :	10,709	20,742	101,705
Trade	47,801	38,749	450,953
Construction	1,624	2,337	15,321
Construction	49,425	41,089	466,274
Employees' savings deposits	22,778	21,673	214,887
Accrued income taxes (<i>Note 7</i>)	6,665	6,203	62,877
Deferred tax liabilities (<i>Note 7</i>)	18	0,203	170
Other current liabilities	26,167	27 200	
Total current liabilities		27,200	246,858
	163,414	108,070	1,541,642
Long-term liabilities :	00.000	06.654	
Long-term debt (Note 5)	80,089	96,654	755,557
Liability for severance indemnities (<i>Note 6</i>)	53,289	48,682	502,726
Deferred tax liabilities (<i>Note 7</i>)	3,432	-	32,377
Other long-term liabilities	3,475	3,818	32,783
Total long-term liabilities	140,287	149,156	1,323,462
Minority interests in consolidated subsidiaries	15,990	8,291	150,849
Contingent liabilities (Note 11)			
Shareholders' equity (Note 8) :			
Common stock, ¥10,000 par value :			
Authorized :			
2000 - 4,260,000 shares			
1999 - 2,240,000 shares			
Issued :			
2000 and 1999 - 1,066,746 shares	10,667	10,667	100,632
Additional paid-in capital	4,088	4,088	38,566
Retained earnings (Note 16)	330,939	296,253	3,122,066
Treasury common stock, at cost :	000,000	_> 0,200	2,122,000
72,000 shares in 2000	(5,207)	_	(49,123)
Total shareholders' equity	340,487	311,009	3,212,142
Total shareholders' equity			
Total liabilities and shareholders' equity	¥660,180	¥637,133	\$6,228,113
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Consolidated Statements of Income and Retained Earnings YKK Corporation and Consolidated Subsidiaries

Sales and other income : Net sales ¥335,816 ¥327,750 \$\$3,168,075 Interest and other 10,343 11,755 97,575 Sales and expenses : 346,159 339,505 3.265,651 Cost of sales (Note 9) 224,870 224,368 2,121,415 Selling, general and administrative expenses (Note 9) 73,132 67,609 689,925 Interest expense 5,792 6,730 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 1,461 29,226 Other 5,470 7,879 51,604 Income before income taxes and minority interests 32,435 27,593 305,991 Income taxes (Note 7) : Current 13,899 14,401 131,123 Deferred (2,096) - (19,774) 118,03 14,401 111,349 Income before minority interests 20,632 13,192 194,642 116,07 175,528 Retained earnings at beginning of year 296,253 285,560 2,794,840	Year ended 31st March, 2000 and 1999		Millions of yen	Thousands of U.S. dollars (Note 2)
Interest and other 10,343 11,755 97,575 Costs and expenses : 346,159 339,505 3,265,651 Cost of sales (Note 9) 224,870 224,870 224,862 2,121,415 Selling, general and administrative expenses (Note 9) 73,132 67,609 689,925 Interest expense 5,792 67,730 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 1,461 29,226 Other 5,470 7,879 51,604 Income before income taxes and minority interests 313,721 311,911 2,959,632 Income taxes (Note 7) :		2000	1999	2000
Interest and other 10,343 11,755 97,575 Costs and expenses : 346,159 339,505 3,265,651 Cost of sales (Note 9) 224,870 224,870 224,862 2,121,415 Selling, general and administrative expenses (Note 9) 73,132 67,609 689,925 Interest expense 5,792 67,730 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 1,461 29,226 Other 5,470 7,879 51,604 Income before income taxes and minority interests 313,721 311,911 2,959,632 Income taxes (Note 7) :	Sales and other income . Net sales	¥335 816	¥327 750	\$3 168 075
346,159 339,505 3,265,651 Cost of sales (Note 9) 224,870 224,870 224,368 2,121,415 Selling, general and administrative expenses (Note 9) 73,132 67,609 689,925 Interest expense 5,792 6,730 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 1,461 29,226 Other 5,470 7,879 51,604 Income before income taxes and minority interests 32,435 27,593 305,991 Income before income taxes and minority interests 313,721 311,911 2,959,632 Income before minority interests 32,435 27,593 305,991 Income before minority interests 11,803 14,401 131,123 Deferred (2,096) - (19,774 Income before minority interests 20,632 13,192 194,642 Net income 11,803 14,401 111,349 Income before minority interests 296,253 285,560 <td></td> <td></td> <td></td> <td></td>				
Costs and expenses : 224,870 224,368 2,121,415 Selling, general and administrative expenses (Note 9) 73,132 67,609 689,925 Interest expense 5,792 6,730 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 1,461 29,226 Other 5,470 7,879 51,604 Throme before income taxes and minority interests 32,435 27,593 305,991 Income taxes (Note 7) : Current 13,899 14,401 111,349 Deferred (2,096) - (19,774) Income before minority interests Deferred (2,024) (1,403) (19,094) Net income 11,803 14,401 111,349 Net income 14,606 11,697 175,528 Retained earnings at beginning of year 296,253 285,560 2,794,840 Current 216,253 28				
Cost of sales (Note 9) 224,870 224,868 2,121,415 Selling, general and administrative expenses (Note 9) 73,132 67,609 689,925 Interest expense 5,792 67,30 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 1,461 29,226 Other 5,470 7,879 51,604 Income before income taxes and minority interests 313,721 311,911 2,959,632 Income before income taxes and minority interests 32,435 27,593 305,991 Income taxes (Note 7) : Current 13,899 14,401 111,349 Income before minority interests 20,632 13,192 194,642 Minority interests in net income of consolidated subsidiaries (2,024) (1,493) (19,094 Net income 18,606 11,697 175,528 Retained earnings at beginning of year 296,253 285,560 2,794,840 Cumulative effect of adoption of tax-effect accounting 1,553 - 146,726	Costs and expenses :	510,159	557,505	5,205,051
Selling, general and administrative expenses (Note 9) 73,132 67,609 689,925 Interest expense 5,702 6,730 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 14,461 29,226 Other 5,470 7,879 51,604 Income before income taxes and minority interests 32,435 27,593 305,991 Income taxes (Note 7) : Current 13,899 14,401 131,123 Deferred (2,096) - (19,774 Income before minority interests 20,632 13,192 194,642 Minority interests in net income of consolidated subsidiaries (2,024) (1,493) (19,094) Net income 11,607 175,528 - 175,528 Retained earnings at beginning of year 296,253 285,560 2,794,840 Cumulative effect of adoption of fixed assets of certain foreign - 146,726 Increase resulting from increase in number of consolidated subsidiaries 189 - 1,783 Increase resulting from increase in number of consolidated subsidiaries -	-	224,870	224.368	2,121,415
Interest expense 5,792 6,730 54,642 Exchange loss, net 1,359 3,860 12,821 Loss on disposal of property, plant and equipment 3,098 1,461 29,226 Other 5,470 7,879 51,604 Other 5,470 7,879 51,604 Other 313,721 311,911 2,959,632 Income before income taxes and minority interests 32,435 27,593 305,991 Income taxes (Note 7) :				
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Income before income taxes and minority interests $32,435$ $27,593$ $305,991$ Income taxes (Note 7) :				
Income taxes (Note 7) : 13,899 14,401 131,123 Deferred (2,096) - (19,774 Income before minority interests 20,632 13,192 194,642 Minority interests in net income of consolidated subsidiaries (2,024) (1,493) (19,094) Net income 18,606 11,697 175,528 Retained earnings at beginning of year 296,253 285,560 2,794,840 Cumulative effect of adoption of tax-effect accounting 15,553 - 146,726 Increase resulting from revaluation of fixed assets of certain foreign 314 306 2,962 subsidiaries and other 314 306 2,962 Increase resulting from increase in number of consolidated subsidiaries 189 - 1,783 Increase resulting from increase of the number of consolidated subsidiaries - 10,943 Decrease resulting from decrease of the number of consolidated subsidiaries - (1,179) Retained earnings at end of year ¥330,939 ¥296,253 \$3,122,066 Millions of year 11,60 - - Decrease resulting from decrease of the number of consolidated subsidiaries	Income before income taxes and minority interests		-	
Current 13,899 14,401 131,123 Deferred (2,096) - (19,774 Income before minority interests 20,632 13,192 194,642 Minority interests in net income of consolidated subsidiaries (2,024) (1,493) (19,094) Net income 18,606 11,697 175,528 Retained earnings at beginning of year 296,253 285,560 2,794,840 Cumulative effect of adoption of tax-effect accounting 15,553 - 146,726 Increase resulting from revaluation of fixed assets of certain foreign subsidiaries and other 314 306 2,962 Increase resulting from increase in number of consolidated subsidiaries 189 - 1,783 Increase resulting from increase in number of consolidated subsidiaries 189 - 10,943 Decrease resulting from decrease of the number of consolidated subsidiaries - (141) - Cash dividends paid (1,013) (1,008) (9,557) Bonuses paid to directors and corporate auditors (125) (161) (1,179) Retained earnings at end of year ¥330,939 ¥296,253 \$3,122,066 <	-	02,100	_,,,,,,,	000,991
Deferred(2,096)-(19,774)Income before minority interests11,80314,401111,349Income before minority interests20,63213,192194,642Minority interests in net income of consolidated subsidiaries(2,024)(1,493)(19,094)Net income18,60611,697175,528Retained earnings at beginning of year296,253285,5602,794,840Cumulative effect of adoption of tax-effect accounting15,553-146,726Increase resulting from revaluation of fixed assets of certain foreign3143062,962Increase resulting from increase in number of consolidated subsidiaries189-1,783Increase resulting from increase in number of consolidated subsidiaries189-10,943Decrease resulting from decrease of the number of consolidated subsidiaries-(141)-Cash dividends paid(1,013)(1,008)(9,557Bonuses paid to directors and corporate auditors(125)(161)(1,179)Retained earnings at end of year $\frac{\pmax}{\pmax}330,939$ $\frac{\pmax}{\pmax}296,253$ \$3,122,066Millions of yenTousands of U.S.Millions of yenThousands of U.S.Automic for common stock :Net income : Basic $\frac{\pmax}{1,800}$ $\frac{\pmax}{1,800}$ $\frac{\pmax}{1,950}$ $\frac{\pmax}{1,950}$ $\frac{\pmax}{1,950}$ $\frac{\pmax}{1,950}$ Automic for common stock :Net income : Basic<		13,899	14.401	131.123
Income before minority interests $11,803$ $14,401$ $111,349$ Income before minority interests $20,632$ $13,192$ $194,642$ Minority interests in net income of consolidated subsidiaries $(2,024)$ $(1,493)$ $(19,094)$ Net income $18,606$ $11,697$ $175,528$ Retained earnings at beginning of year $296,253$ $285,560$ $2,794,840$ Cumulative effect of adoption of tax-effect accounting $15,553$ $ 146,726$ Increase resulting from revaluation of fixed assets of certain foreign 314 306 $2,962$ Increase resulting from increase in number of consolidated subsidiaries 189 $ 1,783$ Increase resulting from increase in number of consolidated subsidiaries $ 10,943$ Decrease resulting from decrease of the number of consolidated subsidiaries $ (141)$ $-$ Cash dividends paid $(1,013)$ $(1,008)$ $(9,557)$ Bonuses paid to directors and corporate auditors (125) (161) $(1,179)$ Retained earnings at end of year $\frac{\Vec{Y}330,939}{Y^{330}}$ $\frac{\Vec{Y}296,253}{Y^{20},253}$ $\frac{\Vec{S}3,122,066}{Y^{0},0108}$ Millions of year $V^{330},039$ $\frac{\Vec{Y}294,24}{Y^{20},557}$ $V^{20},042$ Yean of common stock :Net income : Basic $\frac{\Vec{Y}}{18,705}$ $\frac{\Vec{Y}}{19,424}$ $\$$ $176,46$ Diluted $ -$ Cash dividends $1,800$ $1,950$ 16.98 </td <td></td> <td></td> <td></td> <td>-</td>				-
Income before minority interests20,63213,192194,642Minority interests in net income of consolidated subsidiaries $(2,024)$ $(1,493)$ $(19,094)$ Net income18,60611,697175,528Retained earnings at beginning of year296,253285,5602,794,840Cumulative effect of adoption of tax-effect accounting15,553-146,726Increase resulting from revaluation of fixed assets of certain foreign3143062,962Increase resulting from increase in number of consolidated subsidiaries189-1,783Increase resulting from increase in number of companies accounted for by equity method1,160-10,943Decrease resulting from decrease of the number of consolidated subsidiaries-(141)-Cash dividends paid(1,013)(1,008)(9,557)Bonuses paid to directors and corporate auditors(125)(161)(1,179)Retained earnings at end of year $¥330,939$ $¥296,253$ $\$3,122,066$ Millions of yearHystop (2,5)Thousands of U.S. Millions of yearY 18,705 $\$19,424$ \$17,646DilutedY 296,253 $\$1,646$ Millions of yearY 18,705 $\$19,424$ \$176,46Diluted<			14.401	
Minority interests in net income of consolidated subsidiaries $(2,024)$ $(1,493)$ $(19,094)$ Net income18,60611,697175,528Retained earnings at beginning of year296,253285,5602,794,840Cumulative effect of adoption of tax-effect accounting15,553-146,726Increase resulting from revaluation of fixed assets of certain foreign-1,783subsidiaries and other3143062,962Increase resulting from increase in number of consolidated subsidiaries189-1,783Increase resulting from decrease of the number of consolidated subsidiaries-10,943Decrease resulting from decrease of the number of consolidated subsidiaries-(141)-Cash dividends paid(1,013)(1,008)(9,557Bonuses paid to directors and corporate auditors(125)(161)(1,179)Retained earnings at end of year $\frac{\pm 330,939}{1330,939}$ $\frac{\pm 296,253}{296,253}$ $\frac{\pm 331,22,066}{33,122,066}$ Thousands of U.S. Millions of yeanThousands of year $\frac{\pm 18,705}{10,101}$ $\frac{\pm 19,424}{1001}$ $\frac{\pm 176,426}{101,101}$ Per share of common stock :Net income : Basic $\frac{\pm 18,705}{101,102}$ $\frac{\pm 19,424}{100,1950}$ $\frac{\pm 19,424}{100,400}$ $\frac{\pm 19,500}{16,98}$	Income before minority interests			
Net income18,60611,697175,528Retained earnings at beginning of year296,253285,5602,794,840Cumulative effect of adoption of tax-effect accounting15,553-146,726Increase resulting from revaluation of fixed assets of certain foreign3143062,962Increase resulting from increase in number of consolidated subsidiaries189-1,783Increase resulting from increase in number of companies accounted for-10,943Decrease resulting from decrease of the number of consolidated subsidiaries-(141)-Cash dividends paid(1,013)(1,008)(9,557)Bonuses paid to directors and corporate auditors(125)(161)(1,179)Retained earnings at end of year $\frac{\pm 330,939}{Millions of yen}$ $\frac{\pm 296,253}{dollars (Note 2)}$ $\frac{\pm 331,22,066}{Millions of yen}$ Thousands of U.SMillions of yean $\frac{11,697}{Millions of yen}$ $\frac{11,646}{Mollars (Note 2)}$ Per share of common stock :Net income : Basic $\frac{\pm 18,705}{Diluted}$ $\frac{\pm 19,424}{1,800}$ $\frac{\pm 19,424}{1,950}$ $\frac{\pm 19,424}{1,800}$ $\frac{\pm 19,628}{1,950}$	-		-	
Cumulative effect of adoption of tax-effect accounting $15,553$ - $146,726$ Increase resulting from revaluation of fixed assets of certain foreign subsidiaries and other 314 306 $2,962$ Increase resulting from increase in number of consolidated subsidiaries 189 - $1,783$ Increase resulting from increase in number of companies accounted for by equity method $1,160$ - $10,943$ Decrease resulting from decrease of the number of consolidated subsidiaries- (141) -Cash dividends paid $(1,013)$ $(1,008)$ $(9,557)$ Bonuses paid to directors and corporate auditors (125) (161) $(1,179)$ Retained earnings at end of year $\frac{\mathbf{¥}330,939}{Millions of yen}$ $\frac{\mathbf{Y}296,253}{dollars (Note 2)}$ $\frac{\mathbf{S}3,122,066}{Millions of yen}$ Thousands of U.S Millions of yenThousands of U.S Millions of yenCash dividends18,705 $\frac{\mathbf{Y}}{19,424}$ $\frac{\mathbf{S}}{176,46}$ DilutedCash dividends1,8001,920Cash dividends1,160 <td< td=""><td>_</td><td></td><td></td><td>175,528</td></td<>	_			175,528
Cumulative effect of adoption of tax-effect accounting $15,553$ - $146,726$ Increase resulting from revaluation of fixed assets of certain foreign subsidiaries and other 314 306 $2,962$ Increase resulting from increase in number of consolidated subsidiaries 189 - $1,783$ Increase resulting from increase in number of companies accounted for by equity method $1,160$ - $10,943$ Decrease resulting from decrease of the number of consolidated subsidiaries- (141) -Cash dividends paid $(1,013)$ $(1,008)$ $(9,557)$ Bonuses paid to directors and corporate auditors (125) (161) $(1,179)$ Retained earnings at end of year $\frac{\mathbf{¥}330,939}{Millions of yen}$ $\frac{\mathbf{Y}296,253}{dollars (Note 2)}$ $\frac{\mathbf{S}3,122,066}{Millions of yen}$ Thousands of U.S Millions of yenThousands of U.S Millions of yenCash dividends18,705 $\frac{\mathbf{Y}}{19,424}$ $\frac{\mathbf{S}}{176,46}$ DilutedCash dividends1,8001,920Cash dividends1,160 <td< td=""><td>Retained earnings at beginning of year</td><td>296,253</td><td>285,560</td><td>2,794,840</td></td<>	Retained earnings at beginning of year	296,253	285,560	2,794,840
Increase resulting from revaluation of fixed assets of certain foreign subsidiaries and other3143062,962Increase resulting from increase in number of consolidated subsidiaries189-1,783Increase resulting from increase in number of companies accounted for by equity method1,160-10,943Decrease resulting from decrease of the number of consolidated subsidiaries-(141)-Cash dividends paid(1,013)(1,008)(9,557Bonuses paid to directors and corporate auditors(125)(161)(1,179Retained earnings at end of year $\frac{\pm 330,939}{1330,939}$ $\frac{\pm 2296,253}{2926,253}$ $\frac{\pm 33,122,066}{33,122,066}$ Per share of common stock :Net income : Basic $\frac{\pm 18,705}{101}$ $\frac{\pm 19,424}{19,424}$ $\$$ 176,46DilutedCash dividends1,8001,95016.98			_	146,726
subsidiaries and other3143062,962Increase resulting from increase in number of consolidated subsidiaries189-1,783Increase resulting from increase in number of companies accounted for by equity method1,160-10,943Decrease resulting from decrease of the number of consolidated subsidiaries-(141)-Cash dividends paid(1,013)(1,008)(9,557Bonuses paid to directors and corporate auditors(125)(161)(1,179Retained earnings at end of year $\frac{\Psi330,939}{2000000000000000000000000000000000000$				
Increase resulting from increase in number of consolidated subsidiaries189–1,783Increase resulting from increase in number of companies accounted for by equity method1,160–10,943Decrease resulting from decrease of the number of consolidated subsidiaries–(141)–Cash dividends paid(1,013)(1,008)(9,557Bonuses paid to directors and corporate auditors(125)(161)(1,179)Retained earnings at end of year $\frac{\pm 330,939}{296,253}$ $\frac{\pm 296,253}{30,122,066}$ $\frac{\pm 330,939}{30,01,000}$ Per share of common stock :Net income : Basic $\frac{\pm 18,705}{Diluted}$ $\frac{\pm 19,424}{1,800}$ $\frac{\pm 19,424}{1,800}$ $\frac{\pm 19,424}{1,800}$ $\frac{\pm 19,424}{1,800}$		314	306	2,962
Increase resulting from increase in number of companies accounted for by equity method1,160-10,943Decrease resulting from decrease of the number of consolidated subsidiaries-(141)-Cash dividends paid(1,013)(1,008)(9,557Bonuses paid to directors and corporate auditors(125)(161)(1,179Retained earnings at end of year $\frac{₹330,939}{296,253}$ $\frac{\$296,253}{$3,122,066}$ $\frac{\$33,122,066}{$Millions of yen}$ Thousands of U.S Millions of yearFer share of common stock :Net income : Basic $\ddagger 18,705$ $\ddagger 19,424$ $\$ 176.466$ DilutedDilutedCash dividends1,8001,95016.98	Increase resulting from increase in number of consolidated subsidiarie	es 189	_	
by equity method $1,160$ - $10,943$ Decrease resulting from decrease of the number of consolidated subsidiaries - (141) - (141) Cash dividends paid $(1,013)$ $(1,008)$ $(9,557)$ Bonuses paid to directors and corporate auditors (125) (161) $(1,179)$ Retained earnings at end of year $\frac{\$330,939}{2}$ $\frac{\$296,253}{2}$ $\frac{\$3,122,066}{3}$ <i>Thousands of U.S.</i> <i>Millions of yen thousands of U.S.</i> <i>Millions </i>				
Decrease resulting from decrease of the number of consolidated subsidiaries(141)-Cash dividends paid(1,013)(1,008)(9,557)Bonuses paid to directors and corporate auditors(125)(161)(1,179)Retained earnings at end of year $\frac{1330,939}{296,253}$ $\frac{1296,253}{33,122,066}$ $1100000000000000000000000000000000000$	-		_	10,943
Bonuses paid to directors and corporate auditors(125)(161)(1,179)Retained earnings at end of year $\frac{125}{330,939}$ $\frac{1296,253}{296,253}$ $1100000000000000000000000000000000000$	Decrease resulting from decrease of the number of consolidated subsi	diaries –	(141)	_
Retained earnings at end of year $\frac{1}{330,939}$ $\frac{1}{2296,253}$ $\frac{1}{33,122,066}$ Thousands of U.S Millions of yenMillions of yenThousands of U.S dollars (Note 2)Per share of common stock :Net income : Basic¥ 18,705¥ 19,424\$ 176.46Diluted1,8001,95016.98	Cash dividends paid	(1,013)	(1,008)	(9,557)
Retained earnings at end of year $\frac{1}{330,939}$ $\frac{1}{2296,253}$ $\frac{1}{33,122,066}$ Thousands of U.S Millions of yenMillions of yenThousands of U.S dollars (Note 2)Per share of common stock :Net income : Basic¥ 18,705¥ 19,424\$ 176.46Diluted1,8001,95016.98	Bonuses paid to directors and corporate auditors	(125)	(161)	(1,179)
Millions of yen dollars (Note 2) Per share of common stock : Yer income : Basic Yer 18,705 Yer 19,424 \$ 176.46 Diluted -		¥330,939	¥296,253	\$3,122,066
Per share of common stock : Net income : Basic ¥ 18,705 ¥ 19,424 \$ 176.46 Diluted - - - Cash dividends 1,800 1,950 16.98	_			Thousands of U.S.
Net income : Basic ¥ 18,705 ¥ 19,424 \$ 176.46 Diluted - - - Cash dividends 1,800 1,950 16.98			Millions of yen	dollars (Note 2)
Diluted - </td <td></td> <td></td> <td></td> <td></td>				
Cash dividends 1,800 1,950 16.98		¥ 18,705	¥ 19,424	\$ 176.46
		_	_	_
Net assets 342,286 291,549 3,229.11				
	Net assets	342,286	291,549	3,229.11

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows YKK Corporation and Consolidated Subsidiaries

ZohnZohnZohnCash flows from operating activities37,089349,896Income before income taxes and minority interestsY32,435\$305,991Depreciation and amorization37,089349,896Provision for accrued severance benefits, net of reversal(933)(8,802)Provision for accrued severance benefits, net of reversal2,50923,670Loss on sales of disposal of property, plant and equipment2,07219,547Interest and dividend income(1,973)(18,613)Interest and dividend income(5,782)(54,4208)Notes and accounts receivable(5,782)(54,4208)Accounts payable9,31287,849Other2,61924,708Subtotal77,3967730,151Interest and dividends received2,02519,104Interest paid(13,800)(130,189)Net cash provided by operating activities3,06828,943Acquisition of property, plant and equipment(40,511)(382,179)Proceeds from sules of property, plant and equipment(40,511)(313,02,253)Net cash used in investing activities2,0437(20,632)Increase in investments in sucurities(2,177)(20,632)Increase in investing activities(2,177)(20,632)Decrease in short-term browsings(6,645)(20,632)Increase in investing activities(2,177)(20,632)Increase in investing activities(2,177)(20,632)Increase in investing activities(2,177)<	For the Years ended 31st March, 2000 and 1999	Millions of yen	Thousands of U.S. dollars (Note 2)
Income before income taxes and minority interests $\forall 32,435$ \$305,991Depreciation and amoritzation37,089349,986Provision for accrued severance benefits, net of reversal(933)(8,802)Provision for accrued severance benefits, net of reversal2,50923,670Loss on sales or disposal of property, plant and equipment2,07219,547Interest and dividend income(1,973)(18,613)Interest expense5,792\$4,642Notes and accounts receivable(5,746)(54,247)Inventories(5,746)(54,247)Inventories(5,746)(54,247)Subtotal77,396730,151Interest and dividends received2,02519,104Income taxes paid(13,800)(13,180)Net cash provided by operating activities59,710563,302Cash flows from investing activities3,06828,943Acquisition of property, plant and equipment(40,511)(13,2179)Proceeds from sales of property, plant and equipment(40,511)(20,52)Net cash provided by operating activities3,06828,943Acquisition of intangible assets(1,071)(10,104)Increase in investments in subsidiaries with adjustment for inclusion of additional subsidiaries in consolidation(7,850)Other(23,722)(23,732)(23,732)Net cash used in investing activities(44,337)(418,274)Cash flows from financing activities(46,645)(6,645)Decrease in investments in subidiaries wit		2000	2000
Income before income taxes and minority interests $₹32,435$ \$305,991Depreciation and amoritzation37,089349,896Provision for accrued severance benefits, net of reversal(933)(8,802)Provision for accrued severance benefits, net of reversal2,50923,670Loss on sales or disposal of property, plant and equipment2,07219,547Interest and dividend income(1,973)(18,613)Interest expense5,792\$4,642Notes and accounts receivable(5,746)(54,243)Inventories(5,746)(54,243)Inventories(5,746)(54,243)Cocounts payable9,31287,849Other2,01924,708Subtotal77,396730,151Interest and dividends received(13,800)(130,109)Net cash provided by operating activities59,710563,302Cash flows from investing activities3,06828,943Acquisition of property, plant and equipment(4,511)(1382,179)Proceeds from sales of property, plant and equipment4,52842,2171Acquisition of intangible assets(1,071)(10,104)Increase in investments in subsidiaries with adjustment for inclusion of additional subsidiaries in consolidation(7,850)Other(24,4337)(418,274)Cash flows from financing activities(23,622)(23,623)Net cash used in investing activities(44,337)(418,274)Cash flows from financing activities(15,864)(149,660)Proceed	Cash flows from an autimitias		
Depreciation and amortization 37,089 349,896 Provision for allowance for doubtful accounts, net of reversal 2,509 23,670 Loss on sales or disposal of property, plant and equipment 2,072 19,547 Interest and dividend income (1,973) (18,613) Interest expense 5,792 54,642 Notes and accounts receivable (5,782) (54,547) Inventories (5,746) (54,247) Accounts payable 9,312 87,849 Other 2,610 24,708 Subtotal 77,396 730,151 Interest and dividends received (5,911) (55,764) Income taxes paid (13,800) (130,189) Net cash provided by operating activities 59,710 563,302 Cash flows from investing activities 2,187 (20,632) Decrease in time deposits and short-term investments in securities 3,068 28,943 Acquisition of intangible assets (1,071) (10,014) Increase in investments in succities (2,187) (20,632) Increase in investments in succritie		¥22 425	¢205 001
Provision for allowance for doubtful accounts, net of reversal (933) (8,802) Provision for accrued severance benefits, net of reversal 2,509 23,670 Loss on sales or disposal of property, plant and equipment 2,072 19,547 Interest and dividend income (1,973) (18,613) Interest expense 5,792 54,642 Notes and accounts receivable (5,746) (54,208) Accounts payable 9,312 87,849 Other 2,619 24,708 Subtotal 77,396 730,151 Interest and dividends received 2,025 19,104 Income taxes paid (13,800) (130,189) Income taxes paid (5,911) (55,764) Income taxes paid (3,068 28,943 Acquisition of property, plant and equipment (40,511) (382,179) Proceeds from sales of property, plant and equipment (40,511) (20,632) Increase in investments in securities 3,068 28,943 Acquisition of intangible assets (1,071) (10,104 Increase in investments in subsid	·	-	
Provision for accrued severance benefits, net of reversal $2,509$ $23,670$ Loss on sales or disposal of property, plant and equipment $2,072$ $19,547$ Interest and dividend income $(1,973)$ $(18,613)$ Interest and dividend income $(5,782)$ $(54,547)$ Interest and accounts receivable $(5,782)$ $(54,547)$ Inventories $(5,746)$ $(54,268)$ Accounts payable $9,312$ $87,849$ Other $2,619$ $24,708$ Subtotal $77,396$ $77,396$ Interest and dividends received $2,025$ $19,104$ Interest paid $(5,911)$ $(55,764)$ Incerest paid $(13,800)$ $(130,189)$ Net cash provided by operating activities $3,068$ $28,943$ Acquisition of property, plant and equipment $(40,511)$ $(382,179)$ Proceeds from sales of property, plant and equipment $(40,511)$ $(282,179)$ Proceeds from sales of property, plant and equipment $(4,528$ $42,717$ Acquisition of property, plant and equipment $(40,511)$ $(282,179)$ Proceeds from sales of property, plant and equipment $(4,528)$ $(2,177)$ Acquisition of intangible assets $(1,071)$ $(10,614)$ Increase in investments in subsidiaries with adjustment for inclusion of additional subsidiaries in consolidation $(7,850)$ $(74,057)$ Other $(23,732)$ $(223,87)$ $(24,879)$ $(24,879)$ Proceeds from long-term debt $1,980$ $18,679$ $8,679$ Reparpment of long-term debt	*		
Loss on sales or disposal of property, plant and equipment $2,072$ $19,547$ Interest and dividend income $(1,973)$ $(18,613)$ Interest expense $5,792$ $54,642$ Notes and accounts receivable $(5,782)$ $(54,547)$ Inventorics $(5,746)$ $(54,208)$ Accounts payable $9,312$ $87,849$ Other $2,619$ $24,708$ Subtotal $77,396$ $730,151$ Interest and dividends received $2,025$ $19,104$ Income taxes paid $(13,800)$ $(103,0189)$ Net cash provided by operating activities $59,710$ $563,302$ Cash flows from investing activities $3,068$ $28,943$ Acquisition of property, plant and equipment $4,528$ $42,717$ Acquisition of property, plant and equipment $4,528$ $42,717$ Acquisition of intangible assets $(10,71)$ $(10,104)$ Increase in investments in securities $(2,187)$ $(20,632)$ Increase in investments in securities (313) $(2,953)$ Net cash used in investing activities $(44,337)$ $(44,377)$ Cash flows from financing activities $(15,864)$ $(149,660)$ Proceeds from long-term debt $(15,864)$ $(149,660)$ Proceeds from long-term debt $(1,740)$ $(16,415)$ Net cash used in investing activities $(36,003)$ $(339,651)$ Effect of exchange rate changes on cash and cash equivalents $(40,511)$ $(38,028)$ Adjustment for inclusion of subsidiaries in consolidation (799) <td></td> <td>· /</td> <td></td>		· /	
Interest and dividend income(1,973)(18,613)Interest expense5,79254,642Notes and accounts receivable(5,782)(54,268)Inventories(5,746)(54,208)Accounts payable9,31287,849Other2,61924,708Subtotal77,396730,151Interest and dividends received2,02519,104Interest paid(5,911)(55,764)Income taxes paid(13,800)(130,189)Net cash provided by operating activities59,710563,302Cash flows from investing activities3,06828,943Acquisition of property, plant and equipment(40,511)(382,179)Proceeds from sales of property, plant and equipment4,52842,717Acquisition of intangible assets(1,071)(10,104)Increase in investments in securities(2,187)(20,632)Increase in investments in subsidiaries with adjustment for inclusion of additional subsidiaries in consolidation(7,850)(74,057)Other(313)(2,953)(24,373)(418,274)Cash flows from financing activities(10,00094,34018,679Proceeds from issuance of bonds10,00094,340(14,660)Proceeds from issuance of bonds(10,00094,340(23,732)(223,887)Cash flows from financing activities(36,003)(339,651)Proceeds from issuance of bonds(10,00094,340(23,682)(23,682)Cash used in financing activities(36,003)			
Interest expense5,79254,642Notes and accounts receivable(5,782)(54,547)Inventories(5,746)(54,208)Accounts payable9,31287,849Other2,61924,708Subtotal77,396730,151Interest and dividends received(5,911)(55,764)Interest paid(5,911)(55,764)Income taxes paid(13,800)(130,189)Net cash provided by operating activities59,710563,302Cash flows from investing activities3,06828,943Acquisition of property, plant and equipment(40,511)(382,179)Proceeds from sales of property, plant and equipment(4,511)(20,632)Increase in investments in securities(1,071)(10,104)Increase in investments in subdiaries with adjustment for inclusion of additional subsidiaries in consolidation(7,850)(74,057)Other(133)(2,953)(24,547)(24,547)(24,547)Cash flows from financing activities(44,337)(418,274)(24,187)(29,632)Net cash used in investing activities(6,645)(62,689)(26,689)(26,689)(20,622)Proceeds from long-term debt(15,864)(149,660)(15,864)(149,660)(15,864)(149,660)(15,864)(149,660)(15,864)(149,660)(36,003)(339,651)(36,003)(339,651)(23,732)(223,887)(23,162)(23,166)(24,155)(36,003)(339,651)(36,003)(339,651)(36,003)<			
Notes and accounts receivable (5,782) (54,547) Inventories (5,782) (54,208) Accounts payable 9,312 87,849 Other 2,619 24,708 Subtotal 77,396 730,151 Interest and dividends received 2,025 19,104 Interest paid (5,911) (55,764) Income taxes paid (13,800) (130,109) Net cash provided by operating activities 59,710 563,302 Cash flows from investing activities 3,068 28,943 Acquisition of property, plant and equipment (40,511) (382,179) Proceeds from sales of property, plant and equipment 4,528 42,717 Acquisition of intangible assets (1,071) (10,104) Increase in investments in securities (2,187) (24,637) Other (313) (2,953) Net cash used in investing activities (44,337) (418,274) Cash flows from financing activities (5,645) (6,645) Porceeds from insuance of bonds (13,603) (339,651)			,
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Acquisition of intangible assets $(1,071)$ $(10,104)$ Increase in investments in securities $(2,187)$ $(20,632)$ Increase in investments in subsidiaries with adjustment for inclusion of additional subsidiaries in consolidation $(7,850)$ $(74,057)$ Other (313) $(2,953)$ Net cash used in investing activities $(44,337)$ $(418,274)$ Cash flows from financing activitiesDecrease in short-term borrowings $(6,645)$ $(62,689)$ Proceeds from long-term debt $1,980$ $18,679$ Repayment of long-term debt $(15,864)$ $(149,660)$ Proceeds from issuance of bonds $10,000$ $94,340$ Redemption of bonds $(23,732)$ $(223,887)$ Cash dividends paid and other $(1,740)$ $(16,415)$ Net cash used in financing activities $(36,003)$ $(339,651)$ Effect of exchange rate changes on cash and cash equivalents $(4,031)$ $(38,028)$ Adjustment for inclusion of subsidiaries in consolidation 979 $9,236$ Decrease in cash and cash equivalents $(23,682)$ $(223,415)$ Cash and cash equivalents at beginning of year (<i>Note 14</i>) $81,772$ $771,434$	Acquisition of property, plant and equipment	(40,511)	(382,179)
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Increase in investments in securities $(2,187)$ $(20,632)$ Increase in investments in subsidiaries with adjustment for inclusion of additional subsidiaries in consolidation $(7,850)$ $(74,057)$ Other (313) $(2,953)$ Net cash used in investing activities $(44,337)$ $(418,274)$ Cash flows from financing activitiesDecrease in short-term borrowings $(6,645)$ $(62,689)$ Proceeds from long-term debt $1,980$ $18,679$ Repayment of long-term debt $(15,864)$ $(149,660)$ Proceeds from issuance of bonds $(23,732)$ $(223,887)$ Cash dividends paid and other $(1,740)$ $(16,415)$ Net cash used in financing activities $(36,003)$ $(339,651)$ Effect of exchange rate changes on cash and cash equivalents $(4,031)$ $(38,028)$ Adjustment for inclusion of subsidiaries in consolidation 979 $9,236$ Decrease in cash and cash equivalents $(23,682)$ $(223,415)$ Cash and cash equivalents at beginning of year (<i>Note 14</i>) $81,772$ $771,434$	Acquisition of intangible assets	(1,071)	(10,104)
Other (313) $(2,953)$ Net cash used in investing activities $(44,337)$ $(418,274)$ Cash flows from financing activities $(44,337)$ $(418,274)$ Decrease in short-term borrowings $(6,645)$ $(62,689)$ Proceeds from long-term debt $1,980$ $18,679$ Repayment of long-term debt $(15,864)$ $(149,660)$ Proceeds from issuance of bonds $10,000$ $94,340$ Redemption of bonds $(23,732)$ $(223,887)$ Cash dividends paid and other $(1,740)$ $(16,415)$ Net cash used in financing activities $(36,003)$ $(339,651)$ Effect of exchange rate changes on cash and cash equivalents $(4,031)$ $(38,028)$ Adjustment for inclusion of subsidiaries in consolidation 979 $9,236$ Decrease in cash and cash equivalents $(23,682)$ $(223,415)$ Cash and cash equivalents at beginning of year (Note 14) $81,772$ $771,434$	Increase in investments in securities	(2,187)	(20,632)
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Decrease in short-term borrowings $(6,645)$ $(62,689)$ Proceeds from long-term debt $1,980$ $18,679$ Repayment of long-term debt $(15,864)$ $(149,660)$ Proceeds from issuance of bonds $10,000$ $94,340$ Redemption of bonds $(23,732)$ $(223,887)$ Cash dividends paid and other $(1,740)$ $(16,415)$ Net cash used in financing activities $(36,003)$ $(339,651)$ Effect of exchange rate changes on cash and cash equivalents $(4,031)$ $(38,028)$ Adjustment for inclusion of subsidiaries in consolidation 979 $9,236$ Decrease in cash and cash equivalents $(23,682)$ $(223,415)$ Cash and cash equivalents at beginning of year (Note 14) $81,772$ $771,434$	Cash flame from financian activities		
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Proceeds from issuance of bonds10,00094,340Redemption of bonds(23,732)(223,887)Cash dividends paid and other(1,740)(16,415)Net cash used in financing activities(36,003)(339,651)Effect of exchange rate changes on cash and cash equivalents(4,031)(38,028)Adjustment for inclusion of subsidiaries in consolidation9799,236Decrease in cash and cash equivalents(23,682)(223,415)Cash and cash equivalents at beginning of year (Note 14)81,772771,434	-	-	
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Cash dividends paid and other(1,740)(16,415)Net cash used in financing activities(36,003)(339,651)Effect of exchange rate changes on cash and cash equivalents(4,031)(38,028)Adjustment for inclusion of subsidiaries in consolidation9799,236Decrease in cash and cash equivalents(23,682)(223,415)Cash and cash equivalents at beginning of year (Note 14)81,772771,434			
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Effect of exchange rate changes on cash and cash equivalents(4,031)(38,028)Adjustment for inclusion of subsidiaries in consolidation9799,236Decrease in cash and cash equivalents(23,682)(223,415)Cash and cash equivalents at beginning of year (Note 14)81,772771,434	*		
Adjustment for inclusion of subsidiaries in consolidation9799,236Decrease in cash and cash equivalents(23,682)(223,415)Cash and cash equivalents at beginning of year (Note 14)81,772771,434	Net cash used in financing activities	(36,003)	(339,651)
Adjustment for inclusion of subsidiaries in consolidation9799,236Decrease in cash and cash equivalents(23,682)(223,415)Cash and cash equivalents at beginning of year (Note 14)81,772771,434	Effect of exchange rate changes on cash and cash equivalents	(4,031)	(38,028)
Decrease in cash and cash equivalents(23,682)(223,415)Cash and cash equivalents at beginning of year (Note 14)81,772771,434	Adjustment for inclusion of subsidiaries in consolidation		
Cash and cash equivalents at beginning of year (Note 14)81,772771,434	Decrease in cash and cash equivalents	(23,682)	
	Cash and cash equivalents at beginning of year (Note 14)		. , ,
	Cash and cash equivalents at end of year (Note 14)		

Notes to Consolidated Financial Statements

YKK Corporation and Consolidated Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of financial statements

YKK Corporation (the "Company") and consolidated subsidiaries maintain their records and prepare their financial statements in accordance the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdiction other than Japan, and foreign subsidiaries, in conformity with those of the countries of their domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan, and incorporate certain reclassifications so as to make the financial statements more meaningful to readers outside Japan.

Effective the year ended 31st March 2000, the Company was required for the first time to prepare a consolidated statement of cash flows as part of its consolidated financial statements under the Securities and Exchange Law. Accordingly, the Company has prepared its 2000 consolidated statement of cash flows in accordance with "Accounting Standards for Consolidated Statements of Cash Flows."

The notes to the consolidated financial statements include certain information which is not required under accounting principles and practices generally accepted in Japan but is presented herein as additional information. As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Basis of consolidation and investments in affiliated companies

Prior to the year ended 31st March 1999, the consolidated financial statements included the accounts of the Company and its significant subsidiaries, and investments in significant affiliates (owned 20% to 50%) were accounted for by the equity method.

In accordance with a revised accounting standard for consolidation, the accompanying consolidated financial statements for the year ended 31st March 2000 include the accounts of the Company and the significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The differences arising from the cost of the companies' investments in subsidiaries and affiliates over the equity in their net assets at the dates of acquisition are amortized on a straight-line basis over 10 years. Minor differences are charged or credited to income in the year of acquisition. Assets and liabilities at the foreign consolidated subsidiaries are revalued at market.

Translation of foreign currencies

Current monetary assets and liabilities of the Company denominated in foreign currencies are translated into yen at the rates of exchange in effect at the year-end. Non-current monetary assets and liabilities in foreign currencies are generally translated at their historical rates; translation losses arising from non-current monetary accounts in denominated foreign currencies which have fluctuated significantly are recognized in the period of fluctuation in the consolidated statements of income.

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the rates of exchange in effect at the year end, all income and expense accounts are translated into yen at the appropriate year-end rates and the components of shareholders' equity, except for net income for the year, are translated into yen at their historical exchange rates. The resulting translation adjustments are presented as "Translation adjustments" in the consolidated balance sheets.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Inventories are valued primarily at cost determined on an average basis. Inventories of certain consolidated subsidiaries are valued at the lower of cost or market, cost being determined on an average basis, on a first-in, first-out basis, or on a last-in, first-out basis.

Investments in other securities

Marketable securities included in "Investments in other securities" are stated at the lower of cost or market, cost being determined by the moving average method. Other investment securities are stated at cost.

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost. Depreciation is computed primarily by the declining-balance method (and with minor exceptions, by the straight-line method for certain consolidated subsidiaries), at rates based on the estimated useful lives of the respective assets. Following a recent revision to the Corporation Tax Law in Japan, the straight-line method of depreciation has been applied to buildings acquired on or after 1st April 1998.

Liability for severance indemnities

The Company and certain consolidated subsidiaries have unfunded severance indemnities plans for their employees. In addition, subject to the shareholders' approval, directors and corporate auditors are customarily entitled to lump-sum payments under unfunded retirement plans. The lump-sum payments are determined by reference to the current basic rate of pay, length of service, and conditions under which the termination occurs.

The liability for severance indemnities is stated at the amount which would be required to be paid if all employees, directors and corporate auditors covered by the plans voluntarily terminated their services with the Company or certain consolidated subsidiaries at the balance sheet date.

The Company also has a non-contributory funded pension plan which covers substantially all its employees. The annual provision for pension benefits includes current service cost and the amortization of prior service cost over a sevenyear period.

Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

In accordance with a revision to the Japanese accounting standards for consolidation effective the year ended 31st March 2000, the Company has changed its method of accounting for income taxes and has adopted tax-effect accounting by the liability method for the Company and the consolidated subsidiaries. The effect of this change was the initial recognition of deferred tax assets of ¥22,436 million (\$211,660 thousand), of which ¥3,688 million was current assets and ¥18,748 million was non-current assets, and deferred tax liabilities of ¥3,450 million (\$32,547 thousand), of which ¥18 million was current liabilities and ¥3,432 million was non-current liabilities at 31st March 2000. In addition, as a result of this change in method of accounting, net income and retained earnings for the year ended 31st March 2000 increased by ¥2,090 million (\$19,717 thousand) and ¥18,945 million (\$178,726 thousand), respectively.

Research and development expenses

Research and development expenses are charged to income as incurred.

A new accounting standard for research and development expenses became effective the fiscal year ended 31st March 2000. However, the adoption of this new standard had no material effect on the consolidated statement of income for the year ended 31st March 2000.

Leasing commitments

The Company and certain consolidated subsidiaries lease equipment and software under non-cancelable lease agreements referred to as finance leases. Finance leases other than that which transfer the ownership of the leased property to the lessee are accounted for as operating leases.

Amounts per share

The computation of net income per share is based on the average number of shares outstanding during each period. No diluted net income per share has been presented for the years ended 31st March 2000 and 1999 because, as of 31st March 2000, the Company had not issued any warrants or convertible bonds.

Cash dividends per share represent the cash dividends proposed by the Board of Directors and approved by the shareholders as applicable to the respective periods.

Net assets per share are based on the number of shares outstanding at the respective balance sheet dates.

2. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at $\pm 106 = U.S. \pm 1.00$, the approximate rate of exchange

in effect on 31st March 2000. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. INVENTORIES

Inventories at 31st March 2000			
and 1999 consisted of the following :		Millions of yen	Thousands of U.S. dollars
	2000	1999	2000
Finished products	¥17,609	¥16,425	\$166,123
Work in process	31,725	31,215	299,292
Raw materials and supplies	21,659	21,086	204,330
	¥70,994	¥68,727	\$669,755

4. INVESTMENTS IN OTHER SECURITIES

Investments in other securities at 31st March 2000 and 1999 consisted of the following :

and 1999 consisted of the following :		Millions of yen	Thousands of U.S. dollars
	2000	1999	2000
Carrying value of : Listed securities	¥ 3,610	¥ 3,365	\$ 34,057
Unlisted securities	11,091	8,409	104,632
	¥14,701	¥11,775	\$138,689
Market value of listed securities	¥ 8,322	¥ 6,842	\$ 78,509

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at 31st March 2000 consisted mainly of unsecured loans maturing at various dates within 365 days, at interest rates ranging from 0.45% to 27% per annum (from 0.51764% to 16.7652% in 1999).

g-term debt at 31st March 2000 and 1999 was as follows :		Millions of yen	Thousands of U.S. dollars
	2000	1999	2000
3.9% unsecured notes due 1999	¥ –	¥10,000	\$ -
2.6% unsecured notes due 2000	_	10,000	_
2.175% unsecured notes due 2002	10,000	10,000	94,340
2.375% unsecured notes due 2003	10,000	10,000	94,340
1.7% unsecured notes due 2004	10,000	10,000	94,340
1.65% unsecured notes due 2005	10,000	-	94,340
Floating rate unsecured notes due 1999	_	697	_
6.28% unsecured notes due 2003	2,560	2,892	24,151
6.75% unsecured notes due 2005	3,067	3,621	28,934

		Millions of yen	Thousands of U.S. dollars
	2000	1999	2000
1.9% secured notes due 2005	¥ 100	¥ –	\$ 943
1.3% to 19.25% loans, principally from banks and			
insurance companies, due from 2000 to 2014 :			
Secured	24,790	32,887	233,868
Unsecured	20,361	27,299	192,085
—	90,879	117,396	857,349
Less : current portion	10,789	20,742	101,783
	¥80,089	¥96,654	\$755,557
Assets pledged as collateral for short-term and long-term loans as of 31st March 2000 and 1999 were as follows :			
Investments in other securities	¥ 1,091	¥ 1,091	\$ 10,292
Property, plant and equipment	22,366	32,250	211,000
	¥23,458	¥33,341	\$221,302
The aggregate annual maturities of long-term debt outstanding			
at 31st March 2000 are summarized as follows :			
Year ending 31st March :		Millions of yen	Thousands of U.S. dollars
2001		¥10,789	\$101,783
2002		8,236	77,698
2003		16,875	159,198
2004		19,168	180,830

6. LIABILITY FOR SEVERANCE INDEMNITIES AND PENSION EXPENSES

Charges to income for severance indemnities and pension expenses amounted to ¥8,792 million (\$82,943 thousand)

and \$8,772 million for the years ended 31st March 2000 and 1999, respectively.

12,306

23,502

¥90,879

7. INCOME TAXES

2006 and thereafter

2005

The Company and its domestic consolidated subsidiaries are subject to corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in statutory tax rates of approximately 41% and 47% for the years ended 31st March 2000 and 1999, respectively. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

116,094

221,717

\$857,349

The effective tax rate reflected in the consolidated statement of income for the year ended 31st March, 2000 differs from the statutory tax rate for the following reasons :

	2000
Statutory tax rate	41.0%
Effect of :	
Income of certain foreign consolidated subsidiaries whose statutory	(7.6)
tax rate is lower than that of domestic consolidated subsidiaries	
Expenses not deductible for income tax purposes	6.9
Income tax credit	(2.9)
Other, net	(1.0)
Effective tax rate	36.4%

The significant components of deferred tax assets and liabilities as of 31st March 2000 were as follows :

	2000	2000
Deferred tax assets :		
Accrued severance benefits	¥14,366	\$135,528
Unrealized profit	5,172	48,792
Operating loss carryforwards for tax purposes	3,761	35,481
Other	3,739	35,274
Total deferred tax assets	27,038	255,075
Deferred tax liabilities :		
Depreciation	5,896	55,623
Other	2,156	20,340
Total deferred tax liabilities	8,052	75,962
Net deferred tax assets	¥18,986	\$179,113

8. SHAREHOLDERS' EQUITY

Retained earnings include a legal reserve of \$2,666 million (\$25,151 thousand) and \$1,400 million at 31st March 2000 and 1999, which is provided in accordance with the provisions of the Commercial Code of Japan. The Code provides that neither additional paid-in capital nor the legal reserve is

available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors.

Thousands of U.S. dollars

Millions of yen

9. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in manufacturing costs and in selling, general and administrative expenses for the year ended 31st March 2000 totaled \neq 12,523 million (\$118,142 thousand).

10. LEASES

The following pro forma amounts represent the acquisition costs (including the interest portion), accumulated depreciation and net book value of the leased assets as of 31st March 2000, which would have been reflected in the balance sheet if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

Year ended 31st March 2000 :			Millions of yen
	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥2,538	¥1,332	¥1,205
			Thousands of U.S. dollars
Machinery and equipment	\$23,943	\$12,566	\$11,368

Lease payments relating to finance leases accounted for as operating leases amounted to ¥660 million (\$6,226 thousand) and ¥665 million for the years ended 31st March 2000 and 1999, respectively. Depreciation of the leased assets is calculated by the straight-line method over the respective lease terms and amounted to ¥660 million (\$6,226 thousand) for the year ended 31st March 2000.

Future minimum lease payments (including the interest portion thereon) subsequent to 31st March 2000 for finance lease transactions accounted for as operating leases are summarized as follows :

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
2001	¥551	\$5,198
2002 and thereafter	654	6,170
Total	¥1,205	\$11,368

Future minimum lease payments subsequent to 31st March 2000 for operating leases are summarized as follows :

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
2001	¥417	\$3,934
2002 and thereafter	1,034	9,755
Total	¥1,452	\$13,698

11. CONTINGENT LIABILITIES

Contingent liabilities as of 31st March 2000 for notes discounted and guarantees given in the ordinary course of business amounted to approximately ¥12,094 million (\$114,094 thousand), including ¥1,235 million (\$11,651 thousand) for loans guaranteed on behalf of certain suppliers.

12. RELATED PARTY TRANSACTION

The Company entered into transactions with an affiliate which were accounted for by the equity method for the year ended 31st March 2000 and are summarized as follows :

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
Sales of architectural products during the year	¥124,880	\$1,178,113
Notes and accounts receivable at end of year	¥ 41,599	\$ 392,443
Short-term loans receivable from the affiliate at end of year	¥ 22,341	\$ 210,764
Rent fees from the affiliate during the year	¥ 2,525	\$ 23,821

Sales prices of architectural products were negotiated on an arm's-length basis based on their market prices and on the production costs incurred by the Company. Interest rates were determined by reference to the market rates. Rent fees were determined based on similar transactions in the market.

13. DERIVATIVE TRANSACTIONS

The Company and certain of its consolidated subsidiaries utilize forward foreign exchange contracts for the purpose of hedging their exposure to adverse fluctuations in foreign currency exchange rates arising from trade receivables and payables denominated in foreign currencies in the normal course of business. The Company and certain of its consolidated subsidiaries enter into interest swaps to reduce their exposure to losses resulting from adverse fluctuations in interest rates on the underlying debt instruments. As a matter of policy, the Company and these consolidated subsidiaries do not enter into such transactions for speculation purposes. The forward foreign exchange contracts and interest swaps utilized by the Company and certain of its consolidated subsidiaries entail a degree of market risk. However, the Company and these consolidated subsidiaries do not anticipate significant risks resulting from these derivative financial instruments which are designated as hedges. The Company is exposed to credit risk in the event of nonperformance by the counterparties to the derivatives, but any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings.

Millions of yen Thousands of U.S dollars Estimated Contracted Unrealized Contracted Estimated Unrealized amount fair value gain (loss) amount fair value gain (loss) Forward foreign exchange contracts : Sell : US\$ ¥1,912 ¥1,931 ¥ (19) \$18,038 \$18,217 \$ (179) 442 Buy: US\$ 442 4.170 4.170 AU\$ 1,260 1,213 (47)11,887 11,443 (443)(66)(623)Interest swaps : Pay/fixed; receive/variable 7,124 (67)67,208 (632)(632)(67)Total ¥(133) \$(1,255)

Summarized below are the contracted amounts and the estimated fair value of the derivative position outstanding at 31st March 2000 :

Note : The contracted amounts of the forward foreign exchange contracts presented above exclude those entered into in order to hedge receivables and payables denominated in foreign currencies, which have been translated and are reflected at the corresponding contracted rates in the accompanying consolidated balance sheets.

14. SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents in the consolidated statement of cash flows include bank overdrafts in accordance with "Accounting Standards for Consolidated Statements of Cash Flows."

The following table represents a reconciliation of cash and cash equivalents at 31st March 2000 and 1999 :

		Millions of yen	Thousands of U.S. dollars
	2000	1999	2000
Cash and cash equivalents in consolidated balance sheets	¥58,367	¥82,467	\$550,632
Bank overdrafts	(277)	(693)	(2,613)
Cash and cash equivalents in consolidated statement			
of cash flows	¥58,089	¥81,772	\$548,009

15. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and foreign countries in three major segments: the fastening products segment, which includes zip fasteners and related parts and materials, the architectural products segment, which includes window sashes and frames, doors and curtain walling, and a segment entitled "other," which includes machinery for the production of zip fasteners.

The business and geographical segment information of the Company and its consolidated subsidiaries for the years ended 31st March 2000 and 1999 is outlined as follows :

Business segments	Year ended 31st Ma	rch 2000				Millions of yen
	Fastening products	Architectural products	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income						
Sales to third parties	¥172,497	¥154,213	¥ 9,105	¥335,816		¥335,816
Intergroup sales and transfer	rs 548	75	34,594	35,219	¥(35,219)	_
Total sales	173,046	154,288	43,700	371,036	(35,219)	335,816
Operating expenses	143,841	144,973	38,752	327,568	(29,565)	298,002
Operating income	¥ 29,204	¥ 9,315	¥ 4,948	¥ 43,467	¥ (5,654)	¥ 37,813
II. Assets, deprecia-tion and capit expenditures	al					
Total assets	¥221,199	¥180,503	¥106,533	¥508,236	¥151,944	¥660,180
Depreciation	18,025	12,893	3,342	34,261	2,408	36,669
Capital expenditures	25,495	11,309	5,487	42,292	(772)	41,520

Business segments	:	Year ended 31st Mar	ch 2000						Thousa	nds of U.S. dollars
		Fastening products	Architectural products		Other	-	Fotal		ninations orporate	Consolidated
I. Sales and operating in	ncome									
Sales to third partie	es	\$1,627,330	\$1,454,840	\$	85,896	\$3,168	,075		—	\$3,168,075
Intergroup sales an	nd transfers	5,170	708	3	326,358	332	,255	\$ ((332,255)	_
Total sales	-	1,632,509	1,455,547	4	12,264	3,500	,340		(332,255)	3,168,075
Operating expense	S	1,356,991	1,367,670	3	65,585	3,090	,264	((278,915)	2,811,340
Operating income	-	\$ 275,509	\$ 87,877	\$	46,679	\$ 410	,066	\$	(53,340)	\$ 356,726
II. Assets, deprecia-tion	and capita	ıl								
expenditures										
Total assets		\$2,086,783	\$1,702,858	\$1,0	05,028	\$4,794	,679	\$1	,433,434	\$6,228,113
Depreciation		170,047	121,632		31,528	323	,217		22,717	345,934
Capital expenditur	es	240,519	106,689		51,764	398	,981		(7,283)	391,698
Business segments	1	Year ended 31st Mar	ch 2000							Millions of yen
		Fastening products	Architectural products		Other		「otal		ninations orporate	Consolidated
I. Sales and operating in	ncome									
Sales to third partie	es	¥166,062	¥157,544	ŧ	4,142	¥327	,750		_	¥327,750
Intergroup sales an	nd transfers	471			26,601	27	,072	ŧ	#(27,072)	-
Total sales		166,534	157,544		30,744	354	,823		(27,072)	327,750
Operating expense	s	141,354	142,722		25,771	309	,848		(17,870)	291,978
Operating income	-	¥ 25,179	¥ 14,821	ŧ	4,972	¥ 44	,974	ł	[#] (9,202)	¥ 35,771
II. Assets, deprecia-tion	and capita	ıl								
expenditures										
Total assets		¥145,943	¥186,313	Ŧ	35,098	¥367	,355	ŧ	269,778	¥637,133
Depreciation		16,905	13,433		1,021	31	,360		3,442	34,802
Capital expenditur	es	24,133	14,742		880	39	,756		3,493	43,249
Geographical areas	Year ended 31:	st Manch 2000								Millions of yen
- 208. aprilour ur ous										
						Other			Eliminations	Consolida-
	Japan	North	Europe	А	sia	Other regions	T	otal	Eliminations or corporate	Consolida- ted
Sales to third parties		North n America	Europe ¥26,445	A ¥56,8			To ¥335,			
Sales to third parties Intergroup sales and	Japai	North n America	·			regions				ted
-	Japai	North America 6 ¥44,060	·	¥56,8		regions	¥335,			ted ¥335,816
Intergroup sales and	Japan ¥193,190	North America 6 ¥44,060 9 5,853	¥26,445	¥56,8	388 1)63	regions 15,225	¥335,	816 326	or corporate	<u>ted</u> ¥335,816
Intergroup sales and transfers	Japan ¥193,190 36,722	$ \begin{array}{r} \text{North} \\ \text{America} \\ \hline \hline 44,060 \\ \hline 9 \\ $	¥26,445	¥56,8 4,0	063 051	regions #15,225 6,427	¥335,5 54,5	816 326 143	or corporate 	
Intergroup sales and transfers Total sales	Japan ¥193,190 36,729 229,922	$\begin{array}{r c} & \text{North} \\ \hline \text{America} \\ \hline \hline 44,060 \\ \hline 9 \\ 5 \\ 5 \\ \hline 49,914 \\ 0 \\ \hline 46,737 \\ \hline \end{array}$	¥26,445 1,252 27,698	¥56,8 4,0 60,9	3888 1 063	$\frac{\frac{1}{1}}{\frac{6}{21},653} - \frac{1}{2}$	¥335, 54, 390,	816 326 143 429	or corporate ¥ (54,326) (54,326)	

ds of U.S. dollers	Thousan					arch 2000	Year ended 31st M	Geographical areas
Consolida- ted	Eliminations or corporate	Total	Other regions	Asia	Europe	North America	Japan	
\$3,168,075	1	\$3,168,075		\$536,679	\$249,481	\$415,660	\$1,822,604	Sales to third parties
\$5,100,075		\$2,100,072	¢115,652	\$550,075	<i>\\\\</i>	\$110,000	\$1,0 <u>2</u> 2,001	Intergroup sales and
_	\$ (512,509)	512,509	60,632	38,330	11,811	55,217	346,500	transfers
3,168,075	(512,509)	3,680,594	204,274	575,009	261,302	470,887	2,169,104	Total sales
2,811,340	(475,717)	3,287,066	184,557	469,604	235,368	440,915	1,956,604	Operating expenses
\$ 356,726	\$ (36,792)	\$ 393,528	\$ 19,708	\$105,406	\$ 25,925	\$ 29,972	\$ 212,500	Operating income
	\$1,430,406	\$4,797,708		\$899,877	\$306,349	\$436,170	\$2,770,340	Total assets
Millions of yes						arch 1999	Year ended 31st N	Geographical areas
Consolida- ted	Eliminations or corporate	Total	Other regions	Asia	Europe	North America	Japan	
¥327,750		¥327,750	¥14,246	¥54,054	¥33,479	¥52,612	¥173,356	Sales to third parties
,		,	,	,	,	,	,	Intergroup sales and
-	¥(51,184)	51,184	7,467	3,648	1,632	6,371	32,065	transfers
327,750	(51,184)	378,935	21,713	57,702	35,111	58,984	205,422	Total sales
291,978	(43,029)	335,007	20,482	47,529	32,809	52,071	182,113	Operating expenses
¥ 35,77	¥ (8,155)	¥ 43,927	¥ 1,231	¥10,172	¥ 2,301	¥ 6,912	¥ 23,308	Operating income
¥637,133	¥198,095	¥439,038	¥40,550	¥95,850	¥38,713	¥54,917	¥209,005	Total assets
Millions of ye					n 2000	ended 31st March	Yea	Overseas sales
Tota	egions	Other re	Asia	Europe	E	orth America	N	
¥149,818	19,669	¥1	¥60,881	26,006		¥43,261		I. Overseas sales
335,816							es	II. Consolidated sal
							0	III. Overseas sales to
44.5%	5.8%		18.1%	7.7%		12.9%	sales ratio	consolidated s
ds of U.S. dolle	Thousan				i 2000	ended 31st March	Yea	Overseas sales
Tota	egions	Other re	Asia	Europe	F	orth America	N	
\$1,413,377	35,557	\$18	\$574,349	15,340	\$24	\$408,123		I. Overseas sales
3,168,075							es	II. Consolidated sal
							o	III. Overseas sales to
			18.1%	7.7%		12.9%		consolidated s

Overseas sales	Year ended 31st March 1999			Tho	usands of U.S. dollers
	North America	Europe	Asia	Other regions	Total
I. Overseas sales	¥48,666	¥32,835	¥48,936	¥26,050	¥156,488
II. Consolidated sales					327,750
III. Overseas sales to					
consolidated sales ratio	14.8%	10.0%	15.0%	7.9%	47.7%

16. SUBSEQUENT EVENTS

The following appropriations of retained earnings were approved at a general meeting of the shareholders of the Company held on 29th June 2000 :

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥1,800 = \$16.98 per share)	¥1,920	\$18,113
Bonuses to directors and corporate auditors	40	377

On 12th May 2000, the Company issued 1.57% unsecured notes due 12th May 2006 in the aggregate amount of ¥10,000 million (\$94,340 thousand) in accordance with a resolution of the Board of Directors approved at a meeting held on 28th March 2000.

Report of Independent Certified Public Accountants

The Board of Directors and Shareholders YKK Corporation

We have audited the consolidated balance sheets of YKK Corporation and consolidated subsidiaries as of 31st March 2000 and 1999, and the related consolidated statements of income and retained earnings for the two years ended 31st March 2000 and the consolidated statement of cash flows for the year ended 31st March 2000, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of YKK Corporation and consolidated subsidiaries at 31st March 2000 and 1999, and the consolidated results of their operations for the two years ended 31st March 2000 and of their cash flows for the year ended 31st March 2000, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 1 to the consolidated financial statements, YKK Corporation and consolidated subsidiaries have adopted new accounting standards for consolidation, research and development costs and tax-effect accounting in the preparation of their consolidated financial statements for the year ended 31st March 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31st March 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

29th June 2000 Century Ota Showa & Co.

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of YKK Corporation under Japanese accounting principles and practices.

Outline of YKK Corporation

Founded : January 1, 1934

Capital : 10,667,460,000 yen

Product Lines : 1) Fastening Products

•Zip Fasteners

Snap Fasteners and Buttons

Textile and Plastic Products

2) Architectural Products

3) Machinery for Fastening Products and Architectural Products

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WYKK CORPORATION