2009
Annual Report

YKK CORPORATION

April 2008–March 2009

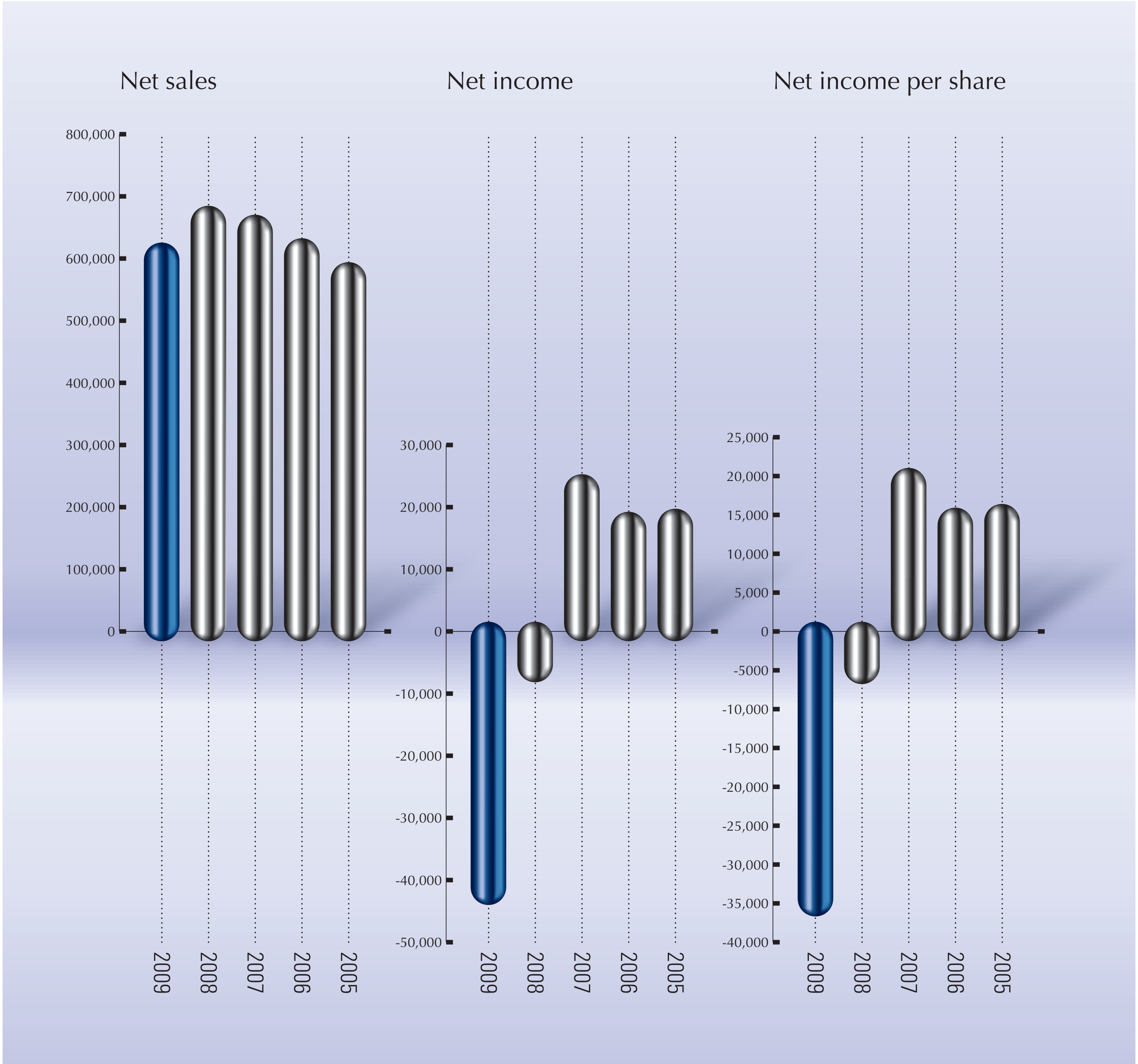
Contents

Financial Highlights

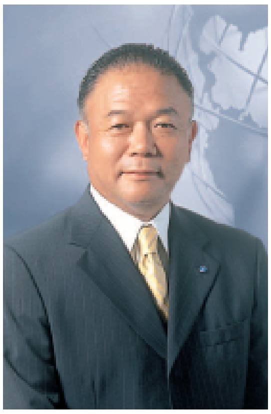
YKK Corporation and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	**2009**	2008	**2009**
Net sales	¥613,446	¥672,644	$6,259,653
Net income (loss)	(42,785)	(6,925)	(436,582)
		yen	U.S. dollars
Net income (loss) per share	¥ (35,681)	¥ (5,775)	$ (364.09)

Note:U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥98.00 = U.S.$1.00.



Message from the President



The YKK Group positioned fiscal 2008 ending March 31, 2009 – the 75th anniversary of our founding and the 50th anniversary of our architectural products business – as the final year of its second mid-term management plan, which started in fiscal 2005. We set forth the goals of "further strengthening our corporate value and establishing brand value" as the YKK Group's mid-term management policy.

When looking at the second mid-term management plan based on the YKK Group consolidated financial results for FY 2008, we expect the results to be considerably lower than the initial profit estimate because of a steep rise in prices for raw materials, especially aluminum and copper. We did not anticipate this rise when we formulated the second mid-term management plan, and it will be very difficult to achieve the target of our mid-term management plan – a 5% return-on-assets (ROA). We are acutely aware of the need to improve group-wide profitability as our highest priority in the future.

Establishing an earnings base is the biggest goal in the next mid-term management plan, which will start in FY 2009, marking our first step toward the centennial anniversary of our founding.

With the failure of Lehman Brothers in September 2008 as the turning point, the economy has decelerated on a global scale with the financial crisis getting worse and a continued hike in the value of the yen. We face a severe situation as we develop a new mid-term management plan, but we will put all our efforts into ensuring profitability.

Over the next four years, we will seek to establish a structure that ensures profits even if net sales remain flat.

Mid-term Management Plan: "Further Increasing Business Value" and "Enhancement of Brand Value by Brand Positioning"

Our goals for the mid-term management plan starting in FY 2009 are "Enhancement of Business Value" and "Enhancement of Brand Value by Brand Positioning."

What does "business value" mean at YKK? We believe it comes down to these basics:

> Manufacturing and selling products that meet customer demand through our unique facility development (technology) while meeting changing times, establishing a business model that can ensure appropriate profits for sound growth in the medium and long term (management), and contributing to the customer and to society. And finally, returning an appropriate level of profits to employees in a fair manner.

And this is how we will strive to establish business value.

We established new mid-term business strategies for each group based on the current mid-term management plan.

Speaking of the Fastening Products Group, we set forth "Further Challenge to Meet the Growing Demand" and have taken a proactive approach, mainly in China. On the other hand, we have launched high-value-added products in the U.S. and European consumer markets. We built a fresh awareness of "the need for more cost competitiveness further to reinforce our business, while improving product appeal through enhancement of advanced technologies." That move led to "Competing with excellent products and innovative technology" as the new mid-term business strategy of the Fastening Products Group.

The Architectural Products Group faces an even more severe business climate due to the worldwide economic recession that began in the fall of 2008. Meanwhile, its profitability deteriorated as a result of several factors, including a steep rise in raw material prices in recent years and a large declining domestic architectural products market stemming from a revised building code. We recognize that the Group's highest priority is to work on a drastic restructuring that will solidify our earnings base in response to the current business climate. We set "The Secondary Structural Reforms (Japan)" as our new mid-term business strategy.

Over the last four years, we worked especially hard to develop our window business infrastructure, in line with our strategy of enhancing the window business by "transforming from a metal sash window maker into a comprehensive window manufacturer." With the goal of launching the APW window category brand and establishing a business base, we set forth to "Founding of Firm Basis of Window Business" as a mid-term business strategy.

Another strategy is "Entering the U.S. Residential Architectural Products Market." Though the framework of the production facility, which is the basis of our business model, this strategy is well on our way to completion, and our initial sales plan will still be largely unrealistic due to the sub-prime loan issue and further effects of the financial crisis. However, we will have our business base firmly established by the time the market recovers.

"Creation of Chinese Architectural Business Model" is also key to our strategy. We have developed a collection system of proceeds from sales and established a regional business structure, but we need further to enhance our business development in the Chinese domestic market.

The Overseas Architectural Products Group achieved net sales of ¥50 billion a year ahead of the target year in the current mid-term management plan set forth in fiscal 2007. We have set forth "Expanding Global Architectural Products Business" as a mid-term business strategy.

Toward establishing new business model, we will "Establishment of Global Facade Business" with YKK AP Facade, which was established in Singapore in January 2008, as the core.

Gongming Manufacturing Plant of YKK Zipper Shenzhen

The Machinery and Engineering Group struggled with new approaches such as launching the most cost competitive production line in the Fastening Products Group and establishing our U.S. vinyl window production line, but we could not achieve the initial cost target.

We must re-confirm that the mission of the Group is to help reinforce the competitiveness of both the Fastening Products Group and the Architectural Products Group. We set forth a strategy to "Enhance Technological Development Capabilities to Boost Group-wide Business Competitiveness."

The Group Headquarters took on the task of unifying operational rules at domestic group companies to boost operating efficiency and streamline intensive operations (payroll, accounting, etc.) through the YKK Business Support Co., Ltd. This step was part of the mid-term business strategy to "Reinforcement of YKK Group HQ function and the Building of a Frame Work for YKK Business Support Corp."

At the same time, we have improved the foundation of the Group Headquarter's functions targeting mainly domestic companies in Japan. To reinforce further the six-polar regional management, we set "Building of a Frame Work for Six Region Management" as a mid-term management strategy, to combine efforts with overseas regional headquarters. This step will start in fiscal 2009.

We went back to the basics of YKK's philosophy of the "Cycle of Goodness," and set the goal of restoring trust and credibility with various stakeholders. We also restated "Enhancement of Brand Value by Brand Positioning" which is already in the current mid-term management plan.

Following are the current management strategies for new business models:

- Fastening Products Group – develop the ARC® brand for China's domestic market
- Architectural Products Group – develop APW® as a category brand in the window business.

We recognize that the values of the YKK® brand and the YKK AP® brand have been damaged by some incidents of misconduct at YKK and YKK AP in recent years despite our efforts to develop category brands in those businesses.

We must return to the "Cycle of Goodness" management philosophy and ensure that the entire Group has a strong consciousness of our management philosophy, corporate principles, and our core values. This return is the only way we can regain the trust of various stakeholders.

To build up our technical capabilities for stronger product appeal, the YKK Group in 2007 positioned the Core Technology Center at YKK Corporation in Kurobe as the headquarters of YKK Group technologies. We also positioned regional R&D functions at branches. Since then, we have worked constantly to hone our technical capabilities.

Starting in FY 2009, we will:

- Position the YKK Kurobe Technology Center as the core technology center in Japan, with R&D centers in each region to enhance our fundamental product-related technologies;
- Review functions to reinforce product development at R&D centers overseas which are close to customers; transfer technological resources to regional centers; and especially to increase our local technical workforce to make our products more appealing from a customer's perspective.

To realize this framework, we will start with the Fastening Products Group and Machinery and Engineering Group. We must carefully monitor tasks to enhance technical capabilities, particularly in transferring technical resources to local centers, to make sure they are effective and that they motivate people.

In the third mid-term management plan starting in fiscal 2009, we will set the following as our highest priorities:

- Establishing a structure to ensure profits even in a business climate where net sales remain flat; and
- Further reinforce our technical capabilities.

We will position FY 2009 as the key year that will be the first step toward the centennial anniversary of the YKK Group, and we will make every effort to enhance the value of our business and our brands.

Tadahiro Yoshida
President
YKK Corporation

Corporate Governance

(1) ***Status of Corporate Governance***

The YKK Group (YKK Corporation and its affiliated companies) standardizes the spirit of "Cycle of Goodness," which means "No one prospers unless he or she renders benefit to others." Under this spirit, being consistently fair is the foundation for various management activities. The YKK Group seeks a corporate value of higher significance, a value that represents the commitment, direction, and consistency of management. As part of this philosophy, the Group always strives to improve its corporate governance practices for enhanced corporate value. YKK Corporation has established several management bodies to implement the corporate governance practices. The Board of Directors shall function as an executive decision-making and monitoring body, while the Board of Corporate Auditors provides accounting oversight. For business operations and promotion, YKK Corporation appoints operating officers and secures their commitment to fulfill all obligations arising towards their duties.

Matters Regarding the Corporate Governance of Filing Companies

1) Details of Company Bodies

YKK has adopted the corporate auditor system and implemented a structural reform of its management. As a result, a reform of corporate board was performed and the Operating Officer system was adopted in June 1999. These initiatives were aimed at ensuring faster decision-making and operational execution by segregating management and business operations.

(a) Directors and Board of Directors

- The Board of Directors sets forth management policies, allocates management resources, and oversees operational execution by Operating Officers, in addition to performing the roles stipulated in the Corporate Law.
- The Articles of Incorporation prescribe that the number of directors shall be 10 or less, and that the term of office of directors' shall be one year, in order to ensure accurate decisions based on active and thorough discussions.
- To further strengthen consolidated management of our company Group, the Board of Directors was restructured in June 2003, appointing Executive Vice Presidents of YKK AP Inc., the Fastening Prodts Group and other groups and YKK Corporation as members of the Board of Directors. In the interest of stronger corporate governance, two outside directors are also appointed to further improve corporate governance practices in June 2007.
- In a bid to further improve the group consolidated management, YKK Corporation elected inside directors in June 2008 and made them responsible for global management in each of six major geographical regions. It also appointed two outside directors on the same date, to leverage their deep insight, experiences, and knowledge for the improvement of management.
- While directors devote themselves to achieving optimum performance results for the entire Group, Operating Officers are committed to playing the crucial role of achieving division targets by executing each business operation with responsibility and authority based on the policies determined by the board.
- In June 2003, a director in charge of risk management was appointed to develop a system to appropriately address exposures to product liability (PL) risks, information technology (IT) risks, risks relating to the protection of personal information, and hazard risks such as accidents and natural disasters.
- In April 2004, YKK Corporation recognized that the maintenance of an appropriate annual pension fund by the parent company was an important management issue and appointed an Annual Pension Policy Director after affirming.
- In April 2005, the Chief Financial Officer (CFO) and Chief Risk Management Officer (CRO) were assigned to further enhance consolidated management.
- On April 1, 2008, YKK Corporation formed a secretariat office for the Board of Directors to improve the mechanisms for submitting agenda to directors, including a system to provide outside directors with advance narrative explanations of agenda, to ensure that the deliberations and discussions at the Board of Directors are carried out efficiently and proactively.
- The Articles of Incorporation require that a quorum of shareholders be formed for a vote on the election of directors to take effect. A third or more of shareholders who have voting rights in an election must attend the general meeting of shareholders, and the majority of shareholders present at the meeting must vote for the election. The Articles of Incorporation also provide that resolutions on the election of directions shall not be made by cumulative votes.

(b) Introduction of the Group Operating Officer System

Addition to the Global Business Management through the three Business Groups of Fastening Products, Architectural Products, and Machinery & Engineering, the YKK Group practices its Regional Management in each of six major geographical regions, including Japan. To further increase the corporate value of the YKK Group under this consolidated management structure, Group Operating Officers were newly appointed effective April 1, 2004, from among the Operating Officers of core companies as well as each regional headquarters.

(c) Establishment of Advisory Board

The Advisory Board has been in place since July 2001 to bring together wisdom from key figures outside to help the president and other related directors on general management issues and specific matters of significance.

2) Development and Improvement Status of Internal Control System and Risk Management System

Following is a description of the status of the development and improvement of the internal control system:

(a) Development and improvement of the system to ensure that the performance of directors complies with laws, regulations, and ordinances, the articles of incorporation, and other systems stipulated by the Justice Ministry Law as a necessity to ensure appropriate corporate operations.

- Directors strictly comply with the board rules and rules for the execution of business and conduct appropriate operations based on the segregation of duties.
- A director responsible for compliance is assigned to improve the YKK Group compliance system. This director reports the preparation and conformity status of the compliance structure to the other directors and auditors. Meanwhile the compliance system and its director were resolved at the Board of Directors in April 2006.
- Directors regularly take compliance training programs presented by lawyers, etc., and submit to the company a written oath to comply with laws and regulations in executing their duties as directors. (The programs have been implemented since March 2006.)

(b) System to store and control information related to the work performance of directors.

- The maintenance period for important documents (including electronic records) is determined based on internal rules such as document control requirements and confidential information control requirements, to implement appropriate document control.
- The competent departments prepare and maintain minutes of important meetings such as meetings of the Board of Directors and management strategy meetings, to provide accurate descriptions of the gist of the proceedings, deliberation results, important statements, etc. in accordance with rules applied to each meeting.

(c) Regulations and other system to address any risk of loss

- In April 2005, a Chief Risk Management Officer (CRO) has been appointed, and the Quality Control Committee, Trade Control Committee, Risk Management Committee, Confidential Information Control Committee, Coordinating Committee for Technology Protection, and IT Security Committee, have been established, to manage the hazard risks the YKK Group is exposed to.
- In April 2005, the Chief Financial Officer (CFO) was appointed to control financial risks based on the YKK Group's basic policies on the management of financial risks. An investment council chaired by the CFO was established in February 2006 as a body to appropriately cope with the investment risks to which the YKK Group is exposed. The CFO also developed and promoted a project to improve internal control practices over the financial reporting. The internal control system has now been fully developed and has been fulfilling its roles.
- In April 2005, relevant committees, in particular the Risk Management Committee developed the Guidelines for Hazard Risks to address any hazard risks, which specify that adequate and prompt measures should be implemented whenever necessary.

(d) System to ensure that the duties of directors are effectively executed

- In June 1999 the Operating Officer System was introduced to enable a faster execution of business and operations by separating management and execution. This allows directors to devote themselves to the realization of the optimum results of the entire Group. Operating Officers execute individual businesses and operations with responsibility and authority in accordance with the policies determined at the Board of Directors.
- In July 2007 the Management Strategy Meeting was established to increase efficiency of the discussion in the Board of Directors. The directors at the meeting thoroughly discuss the YKK Group management philosophies, policies, and strategies, and important

matters to be resolved at the Board of Directors.

- In April 2003, the China Business Policy Committee, Environmental Policy Committee, and New Business Committee were established under the Board of Directors. Each committee has considered and made proposals with regard to important policies of our Group from a professional perspective. The committees established under the Board of Directors were dissolved on March 31, 2007, whereupon the policies and agendas determined in these committees were to be implemented in each business operation. In April 2007, however, Environmental Policy Promotion Committee was established newly, as the successor of the Environmental Policy Committee, under the Management Strategy Meeting to implement further enhanced supervision of the progress of our environment policy.

(e) Systems to ensure that the employees comply with laws, regulations, and the articles of incorporations in executing their duties

- The Compliance Group was established under the operating officer responsible for compliance, and develops a compliance system in cooperation with the outside compliance advisors. In accordance with the compliance system, the YKK Group:
  1. strives to improve awareness of employees on compliance by holding regular workshops for employees;
  2. develops and improves a reporting and consultation system;
  3. establishes and operates Disciplinary Committees; and
  4. develops and improves monitoring functions.
- In January 2006, the YKK Group internal reporting system was established to prevent violations of laws, regulations, and internal rules, and to protect those who report such violations.
- In April 2003 the Office of Internal Auditing was established as the internal audit division. The members in the office implement the internal audit in cooperation with staff in other divisions.

(f) Systems to ensure appropriate business operations of corporation and the corporate group consisting of its parent company and subsidiaries.

- With Group Operating Officers appointed from significant subsidiaries (core companies) and regional headquarters in six major geographical regions in April 2004, each regional headquarter functions as a branch of the group head office to oversee the business operations of subsidiaries under the consolidated management structure of the Group.
- The important matters in relation to operations executed by subsidiaries are resolved at the corporate board based on the requirements of the Board of Directors.
- YKK Corporation monitors the business performances and financial positions of subsidiaries by receiving a monthly report on consolidated performance results from the director in charge, at the board meeting.

(g) Matters regarding the support personnel required by the auditors and their independence from the auditors

- The Auditor Secretariat Office (currently Secretariat Office for the Board of Statutory Auditors) was organized, effective as of April 1, 2007, and staff members are assigned to exclusively assist statutory auditors in fulfilling their duties.
- Transfer and appraisal of the personnel in the Auditor Secretariat Office require the approval of the auditor.

(h) System for directors and employees to report to the auditors, system with regard to other matters related to the reporting to the auditors

- The main business operations and the status of the development and improvement of the internal control system shall be reported to statutory auditors on a timely and regular basis. If any significant fact which materially affects the Company arises, the fact shall be promptly reported to the statutory auditors.
- When material violations of laws and regulations are detected through the internal reporting system, the "Japan YKK Group Whistleblower Protection Office" will report the details of the report and the result of the investigation to the auditors.

(i) System to ensure that other statutory auditors effectively implement the audit

- In addition to the meetings of the Board of Directors, the statutory auditors are permitted to attend all important meetings, such as the meetings of the executive officers.
- The President and directors periodically exchange views and opinions with statutory auditors.
- The internal audit department has been enhancing the practicability of the audit by the statutory auditors by reporting the activities of the internal audit department to the statutory auditors from time to time.
- The statutory auditors are also engaged in the audit of (core) subsidiaries in Japan as the statutory audi-

tors of those subsidiaries. The statutory auditors and the internal audit departments of subsidiaries in and outside Japan are required to report to the statutory auditors of the YKK Corporation periodically upon request. This achieves a system to ensure that the audits of all of the subsidiaries are implemented effectively.

3) Details of compensation paid to directors

Directors' compensation at the company consists of short-term (monthly) compensation, bonus allowances to directors in consideration of consistency with the basic dividend policy of continuing to provide stable dividends, and a retirement allowance as a long-term compensation. The following chart shows the amount of compensation paid to directors for the current fiscal year.

Classification	No. of persons	Amount of compensation paid		Abstract
		(in ¥ million)	(in US$ thousand)	(Notes)
Directors	12	515	5,255	1,2,3,4
Statutory Auditors	4	38	388	1,2,3
Total	16	554	5,653	

(Note)

1. *The limit amount of compensation decided by the resolution of the annual general meeting of shareholders is ¥30 million per month for directors (including the adequate compensation of operating officer's salary for directors when they also hold a post as an operating officer) (resolved at the 70th annual general meeting of shareholders held on June 29, 2005). Auditors' monthly compensation is ¥4 million (resolved at the 61st annual general meeting of shareholders held on June 27, 1996).*
2. *Among the above amounts, ¥16 million (US$163 thousand) was paid to two outside directors, and ¥21 million (US$214 thousand) was paid to three outside auditors.*
3. *The above amounts include ¥68 million (US$694 thousand) charged to the expenses as the provision for retirement bonuses to directors and officers (including ¥2 million (US$20 thousand) for outside directors and ¥3 million (US$31 thousand) for outside auditors).*
4. *The above amount includes ¥215 million (US$2,194 thousand) of retirement bonuses paid to two directors who retired during the current fiscal year, in accordance with the resolution made at the annual general meeting of shareholders held on June 27, 2008. This amount includes the provisions for retirement bonuses for directors and officers disclosed in the business report for the business year immediately preceding the current fiscal year.*

4) Status of internal audit and audit by statutory auditors

(a) Audit by statutory auditors

- The number of the statutory auditors is four while that of outside auditors is three.
- Each statutory auditor complies with standards for the audit by statutory auditors set forth by the Board of Statutory Auditors; complies with the audit policy and segregation of duties; attends important meetings such as the meetings of the Board of Directors; holds regular meetings with the President to exchange views and opinions; collects information and improves the audit environment through liaisons with the internal audit division; and thereby audits the execution of duties by directors.
- The Secretariat Office for the Board of Statutory Auditors has been established for exclusive staff members for statutory auditors to improve the effectiveness of their audit.
- The statutory auditors are also engaged in the audit of (core) subsidiaries in Japan as the statutory auditors of those subsidiaries. The statutory auditors of subsidiaries in and outside Japan are required to report to the statutory auditors of YKK Corporation periodically or upon request. This achieves a system to ensure that the audits of all of the subsidiaries are implemented effectively.
- The statutory auditors hold regular meetings with accounting auditors to receive reports on their execution of duties and to mutually exchange views and opinions.

(b) Internal audit

- In April 2003 the Office of Internal Auditing was established as an internal audit section, for which 12 members are currently working.
- In addition to the statutory audit by 4 statutory auditors, the Office of Internal Auditing implements internal audits such as operational audits, compliance audits and internal control audits, and thereby achieves more effective auditing practices.
- Internal auditing can be more effectively conducted not only by the Office of Internal Auditing, but also in cooperation with staff members of other divisions.

5) Relationship among YKK and outside directors and outside auditors

The outside director Mr. Yukio Yanagida is the representative of Yanagida and Nomura Law Firm. The firm provides legal services to YKK Corporation, but only services of a strictly routine nature. The individual outside director has no direct interest in the company. In addition, there are no business relationships between the outside director Mr. Keinosuke Ono and the company.

Outside auditor Mr. Satoshi Kawai is a partner lawyer of Mori Hamada & Matsumoto Law Firm. The firm provides legal services to YKK Corporation, but only services of a strictly routine nature. The individual outside auditor has no direct interest in the company. The outside auditor Mr. Hiroshi Akiyama is a partner lawyer of Yanagida and Nomura. The firm provides legal services to YKK Corporation, but only services of a strictly routine nature. The individual outside auditor has no direct interest in the company. In addition, there are no business relationships between the outside auditor Mr. Yoshio Osawa and the company.

6) Status of accounting audits

Yoshiyuki Matsumoto, Masakazu Nakamura, and Yoshiomi Horikoshi, Certified Public Accountants (CPAs) from Ernst and Young ShinNihon LLC, provide the company's accounting auditing services. They also conduct timely audits at the interim, at the year-end, and during the year. In all, 8 CPAs, 2 accountants assistants and other 19 staff members are engaged in the accounting auditing services for the Company.

7) Indemnification from liability of directors and auditors

Pursuant to Article 426, Paragraph 1 of the Company Law, the Articles of Incorporation of YKK Company provide that any directors and auditors who fail to fulfill their duties may be indemnified from liability, to the extent of the limits prescribed by the same law. The objective of this provision is to enable directors and auditors to fulfill their duties at the level at which they purport to be fulfilling their duties.

8) Requirement for the special resolution at the general meetings of shareholders

The Articles of Incorporation of YKK Corporation provide that the resolution prescribed in Article 309, Paragraph 2 of the Company Law shall be approved by the votes of two-thirds or more of shareholders present at a general meeting of shareholders attended by shareholders holding one-third or more of voting rights. The objective of the requirements is to achieve smooth operation of the general meeting of shareholders by lowering the quorum required for the special resolutions.

(2) Fees for audit engagement

1) Fees for auditing certified public accountants, etc.

Division	Fees for audit and attest engagement		Fees for non-audit engagement	
	(in ¥ million)	(in US$ thousand)	(in ¥ million)	(in US$ thousand)
For filing company	68	694	8	82
Consolidated subsidiaries	23	235	–	–
Total	91	929	8	82

2) Other significant fees

The consolidated subsidiaries of the Company, including YKK Corporation of America and YKK U.S.A., have paid fees of ¥388 million (US$3,959 thousand) for audit and attest engagement and ¥214 million (US$2,184 thousand) for non-audit engagement to Ernst and Young member firms, companies which are within the same network as the accounting auditor engaged in the services for the Company.

3) Non-audit engagement by auditing certified public accountants to the filing company

The non-audit engagement of auditing certified public accountants for which the Company has paid the fees includes the advisory engagement on the development and improvement of internal control over the financial reporting.

4) Decision-making policy regarding fees for audit engagement

N/A. However fees are determined in consideration of the days of engagement.

Management's Discussion and Analysis

Reported below is an analysis of the Group's consolidated financial position and the year's results of operation for fiscal 2008 from April 1, 2008 to March 31, 2009.

Note that all the remarks in relation to the future forecasts are based upon assessment as of the submission date of the financial statements.

(1) Analysis of financial position

Our total consolidated assets at the end of this fiscal year amounted to ¥705,886 million (US$7,203 million), a decrease of 17.4% compared to the end of the last fiscal year (hereinafter called "previous year end"). Current assets decreased by 15.8% to ¥339,466 million (US$3,464 million), while fixed assets decreased by 18.8% to ¥366,420 million (US$3,739 million).

The primary factors in the decrease in current assets were the decreases in trade receivables and inventories corresponding to the decreases in net sales.

The property, plant and equipment of the fixed assets decreased to ¥291,730 million (US$2,977 million), a decrease of 13.5% compared to the previous year end, as capital investments were restrained in response to harsh market conditions. Investment securities decreased 32.9% to ¥13,714 million (US$140 million) due to the decrease in gains on market valuation of the listed stocks held. Deferred tax assets decreased by 78.0% to ¥8,890 million (US$91 million), as the Company reversed deferred tax assets based on two factors: close consideration of the recoverability of deferred tax assets in the Architectural Products Group in Japan, and the decision to properly respond to the 2009 revisions of the tax system in relation to dividend income from foreign operations.

Consolidated total liabilities at the end of this fiscal year were ¥321,190 million (US$3,277 million), a 11.3% decrease from the previous year end with current liabilities of ¥163,721 million (US$1,671 million), a 16.5% decrease from the previous year end and non-current liabilities of ¥157,469 million (US$1,607 million), a 5.2% decrease from the same period.

The decrease in current liabilities mainly resulted from the decrease in notes and bills payable and trade accounts payable. The primary factors of decrease in non-current liabilities were the recycling of the current portion of corporate bonds into current liabilities.

Consolidated total net assets at the end of this fiscal year were ¥384,695 million (US$3,925 million), a decrease of 21.9% compared to the previous year end. Shareholders' equity decreased by 9.5% to ¥432,353 million (US$4,412 million), mainly as a result of the decrease in the retained earnings arising from the net loss for the current period. For valuation and exchange differences, etc., the exchange difference adjustment account was minus ¥55,568 million (US$567 million) as it turned from positive to negative because of the stronger yen rate.

As a result, equity capital ratio decreased to 53.4%, down from 56.5% in the previous year. Net assets per share decreased to ¥314,000 (US$3,204) from ¥402,000 at the previous year end.

(2) Analysis of performance results

The consolidated performance results for the current consolidated fiscal year (hereinafter referred to as the "current year") decreased to ¥613,446 million (US$6,260 million), a decline of 8.8% compared to the previous year, as the net sales of all the businesses of the Company were below those in the previous consolidated fiscal year (hereinafter referred to as the "previous year"). The final result was a net loss of ¥42,785 million (US$437 million), as the Company recognized losses of ¥3,904 million (US$40 million) arising from the reorganization of manufacturing bases in the Architectural Products Group in Japan in the extraordinary loss and recognized an income tax adjustment of ¥40,168 million (US$410 million) through the reversal of deferred tax assets. As a result, the current net loss per share was ¥35,681 (US$364).

(3) Analysis of cash flows

Net cash provided by operating activities increased ¥17,383 million (US$177 million) to ¥65,867 million (US$672 million) compared to the previous year. This increase was mainly due to two factors: the absence of the payment of ¥24,402 million in conjunction with the Competition Law (a payment incurred in the previous year), and a decrease of ¥9,024 million (US$92 million) in inventories while the previous year recorded an increase of ¥637 million of the inventories.

Net cash used in investing activities for the current period were ¥44,114 million (US$450 million), a decrease of ¥9,232 million (US$94 million) from the previous year. The decreases in the cash flows used for investing activities were mainly due to a decrease of ¥10,999 million (US$ 112 million) in expenditures for the acquisition of property, plant and equipment items and a decrease of ¥1,139 million (US$ 12 million) in expenditures for the acquisition of intangible fixed assets.

Net cash used in financing activities totaled ¥13,809 million (US$141 million), compared with a net inflow of ¥5,571 million in the previous fiscal year. This is mainly because the short-term borrowing decreased by ¥12,817 million (US$131 million) on a net basis as the repayment of interest bearing liabilities was accelerated though the decrease in the value of commercial paper in the amount of ¥5,000 million (US$51 million) which was incurred in the previous year and the proceeds of ¥9,993 million (US$102 million) from the issuance of corporate bonds did not occur in the current year.

As a result, cash and cash equivalents at the end of fiscal 2009 came to ¥74,571 million (US$761 million), down ¥2,594 million (US$26 million) from the beginning of the year.

Research & Development

As with the YKK Group's business development, its activities to promote research and development (R&D) also focus on six regional bases: Japan (the core operation); North and Central America; South America; Europe, Middle East and Africa (EMEA); East Asia; ASEAN, Southern Asia and Oceania countries (ASAO). The R&D budget of the entire Group for the current consolidated fiscal year was ¥22,390 million (US$228 million).

Our Group's major accomplishments during the last fiscal year can be summarized as follows.

(1) Fastening Products Group

We aim to be the dominant No. 1 in the global fastening products industry. In keeping with our slogan, "Design that drives the demand", we are enhancing creativity in product development, environment-friendly product design, expansion to new fields, and generating new demand in consuming countries.

The group still faces many difficult challenges. The biggest strains in the first half of the year were the jumps in raw materials costs (particularly those of metallic materials) since 2005 and higher prices for thread materials due to skyrocketing price of crude oil. Then, in the second half of the year, the world economy suffered the biggest financial crisis so far this century, a catastrophe set off by the subprime housing loan debacle in the U.S. In the face of this business climate, we recognized the need to respond more quickly to changes, and focused on product development by always maintaining one-step-ahead technological superiority.

In zippers, we have continued to strive to develop thick-thread-sewn zippers, major items for renewal products, various sliders compliant with CPSC Standards, vertical stretch zippers and specialty items requested by customers. Also in fiber and plastic products, we have continued to design and develop an eco-friendly series of middle-range buckles and other various products sufficiently responsive to the needs of customers. In snaps and buttons, we have developed painting technologies, new button pressing molds, and heat applied assembly machines in particular with focusing on products for jeans. Thus, we have reinforced lineups of products, machinery and equipment in pursuit of higher customer satisfaction.

In another effort to "Establish Brand Value by Creating Innovation," the theme of our mid-term management plan, the newly organized Transportation Fastening Material (TFM) Development Group is now proceeding with development of products exclusively for the automotive market, including a new line of car seat zippers such as hidden zippers and seat mold-in fasteners. These products are now successfully achieving their presence in the market.

Maintaining competitiveness against other Asian manufactures is our most important task. To win the competition, we have been launching projects to improve manufacturing technologies and striving to achieve more competitiveness. In anticipation of a possible slowdown of the Chinese economy, we will also aim to create demand in markets in India, Brazil and other countries in addition to China by improving the value of its products. Research and development costs related to this business stood at ¥8,203 million (US$84 million).

(2) Architectural Products Group

In the Architectural Products Group, we aim to become the No.1 brand in its field by closely considering social trends such as the longer operating life of housing, the strengthening demands for safety and reliability, and global warming prevention. We produce and improve products from the end users' point of view. Our efforts focus closely on products to generate value for users (including safety and reliability, environmental performance, comfort, and universal design) by pursuing elemental technologies for materials, components/parts, and systems. We are also establishing an installation technology, after-sale maintenance technologies, and supply technologies to enhance the final quality of our products.

One of our major accomplishments has been the development of a lineup of products for comfortable, eco-friendly residences under the "Green Breeze" concept. Our most promising developments include the "Remote Control Automated Shutter (slit type)," a special shutter which cuts sun beams and outside views in summertime while taking in natural lights and breeze; "Acrylic Block Fix," a simply constructed glass block which allows light into living spaces for healthy, comfortable living; "Screen Partition Sliding Door (T design)," an entranceway equipped with a switch mechanism to adjust light intake and breeze intake to ensure the free passage of air; and "Clear Net Screen," a translucent net which allows fresh breezes and views into living spaces while blocking insects and dust. Another promising development is "Aqua Matte," a lineup of architectural products made from a durable, elegantly finished grade of aluminum which visibly improves the harmony between sash and curtain wall frames and building walls. We are committed to providing safe and comfortable living environments for our customers.

Our main tasks for the future will be to strengthen our development and technological capabilities and to continue our global expansion.

To strengthen our development and technological capabilities, we opened the Value Verification Center (VVC) to verify various product values from consumers' viewpoint. In the course of the product development processes such as verification of usability, performance and function under actual usage environments, and the works at the completion, we are certain to pursue high product quality by creating technologies that generate new customer value through improved customer satisfaction.

Looking at the global expansion, we will focus on R&D to achieve globally competitive quality and cost of raw materials and components/parts, the development and standardization of global functional parts, and technological development to enrich our product lineups. Eventually we will put these R&D accomplishments into manufacturing, and introduce more competitive products. We invested ¥8,743 million (US$89 million) in these R&D activities.

(3) Machinery and Engineering Group

The Machinery and Engineering (M&E) Group supports the YKK Group production processes. To create advantages in market competition, M&E is dedicated to developing cost-efficient machinery, molds, and systems for fastening and architectural products, and to deepen and improve core technologies with which to create new values. These include a host of core underlying technologies, such as materials and surface-improvement technologies, high-precision metal mold technologies, high-speed metal processing technologies, IT applied technologies, high-speed and high-precision position-setting technologies, and technologies related to electronic components.

Our main achievements include the development of a manufacturing line targeting enhanced competitiveness and optimal responsiveness to the ever-diversifying needs related to YKK's fastening products. In the architectural products business we have developed a production system to reinforce the window business and a number of cost-effective facilities. In the field of metal molding we have developed new molds for fastening and architectural products. These greatly reinforced the competitiveness of our group business. Research and development investment related to this business totaled ¥4,171 million (US$43 million).

(4) Research and Development Center

Our Research and Development Center, the YKK Group's cross-organizational business unit, has been developing basic elemental technologies for metal and plastic materials. Our goal, in doing so, is to contribute to the growth of the fastening and architectural products businesses as core businesses of the YKK Group, in parallel with the machinery and engineering businesses. Working as a team, our R&D staff and relevant business units' staff will be pursuing the practicality of technologies under development after the completion of the feasibility study (FS) and research phases. Through this approach, we would like to be promoting the smoother and more timely use of our products for various businesses.

The R&D Center assists existing businesses in accelerating product development and improving the quality of products through the full use of structural analysis, fluid analysis, and Kansei engineering assessment technologies.

In addition, the development efforts for a new generation of bulk metallic glass materials have been focused on some specific items, and we are advancing solutions for stable and trial production. We have also recently been developing techniques for the processing of bulk metal glass forming molds via super-precision cutting and grinding technologies. These technologies are now being applied for the longer-life of the zipper-manufacturing components produced by our machinery and engineering business unit. Research and development cost for the business was ¥1,272 million (US$13 million).

Consolidated Financial Review

Economic conditions in and outside of Japan over the current fiscal year have been shaped by the global economic slowdown and spiraling financial crisis triggered by the failure of US financial institutions in September 2008. Corporate profitability has suffered badly from a string of unfavorable changes, including the rapid appreciation of the yen, declines in capital expenditures, and sluggish consumers' consumption. While there have been signs that the rapid hikes in raw materials prices might subside during the second half, the Japanese architectural products market has faced very harsh conditions amidst the decline in new housing starts due to the global credit crunch.

Amidst these conditions, 2008 marked the completion of YKK group's Second Medium-term Management Plan commenced in 2005. Under this Plan, we adopted policies for a medium-term outlook focused on "Further Improvement to Corporate Value" and "Brand Establishment." In the current year, the final year of the Plan, we implemented and promoted the development of bases for each type of business.

Consolidated net sales by segment were as follows:

Fastening Products Group (including intersegment sales):	¥257,150 million	(US$2,624 million)
Architectural Products Group (including intersegment sales):	¥349,505 million	(US$3,566 million)
Machinery and Engineering Group (including intersegment sales):	¥ 25,780 million	(US$ 263 million)
Others (including intersegment sales):	¥ 35,050 million	(US$ 358 million)
Elimination or corporate:	(¥ 54,039 million)	(US$ 551 million)
Total net sales:	¥613,446 million	(US$6,260 million)

Total sales decreased by 8.8% compared to the previous fiscal year.

For the current fiscal year, the Fastening Product Group focused its efforts on the expansion of sales of high-value-added products in high-consumption economies of Japan, the US, and Europe, and strove to expand its services network to Asian countries, in particular China. Net sales (including intersegment sales) in South America, East Asia, ASAO (ASEAN countries, South Asia and Oceania) would have risen if the effects of the foreign exchange rate fluctuations on performance had been ignored. However, the transfer of sewing businesses from developed countries to Asian countries has accelerated, and net sales in Japan, North and Central America, and EMEA (Europe, Middle East and Africa) decreased by 8.1% compared to the previous year.

Net sales in the Architectural Products Group decreased by 9.2% compared to the previous year, mainly due to the sluggish market for the architectural products and foreign exchange rate fluctuations.

Net sales (including intersegment sales) in the Machinery and Engineering Group decreased by 26.7% compared to the previous year, mainly due to decreases in capital expenditures for fastening businesses and architectural products businesses.

In other divisions, net sales (including intersegment sales) decreased by 6.0% compared to the previous year, mainly due to the adverse effects of foreign exchange rate fluctuations on our aluminum refining business and the restrained levels of capital expenditure for businesses supplying facilities and equipment in Japan.

As a percentage of sales, our cost of sales was 68.5%, an increase of 0.8 percentage points compared to the previous year. Further, selling, general, and administrative expenses were 27.6% of sales, an increase of 1.2 percentage points over the last year's percentage.

Overall, net loss was ¥42,785 million (US$437 million).

Net loss per share was ¥35,681 (US$364.09) for the year, versus net loss per share ¥5,775 for the previous year.

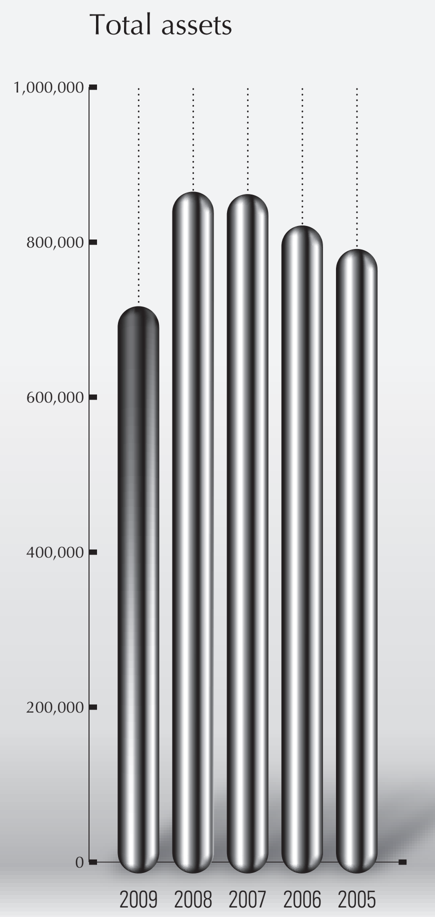
The dividend per share was ¥1,800 (US$18.37).

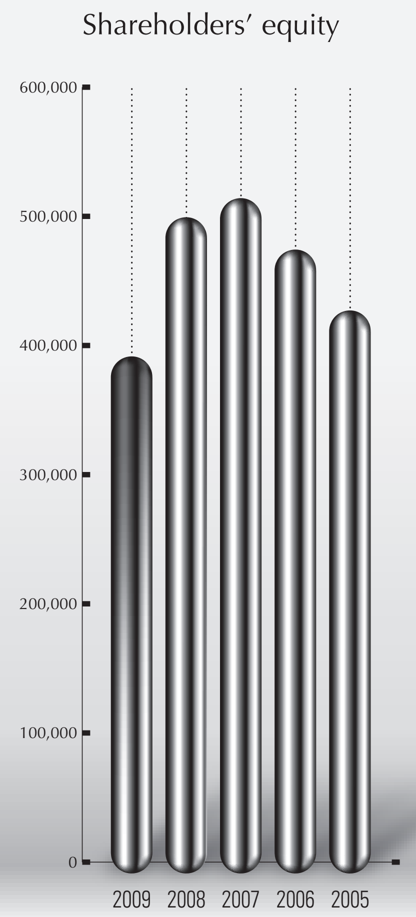
Five-Year Summary

YKK Corporation and Consolidated Subsidiaries

Years ended March 31	**2009**	2008	2007	2006	2005	**2009**
					Millions of yen and thousands of U.S. dollars except per share figures	
For the Fiscal Year:						
Net sales	¥613,446	¥672,644	¥658,228	¥619,612	¥581,973	$6,259,653
Income before income taxes, minority interests, equity in earnings and translation adjustments	9,520	6,561	38,146	28,235	28,655	97,143
Income taxes	51,464	12,474	13,345	9,402	8,872	525,143
Net income (loss)	(42,785)	(6,925)	24,072	18,030	18,526	(436,582)
Per Share Data:						
Net income	¥ (35,681)	¥ (5,775)	¥ 20,074	¥ 14,959	¥ 15,435	$ (364.09)
Cash dividends	1,800	2,200	2,200	2,000	2,000	18.37
At Year End:						
Total assets	¥705,886	¥854,694	¥850,558	¥810,070	¥779,803	$7,202,918
Shareholders' equity	384,695	492,424	507,210	467,391	420,277	3,925,459

Notes: (1) U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥98.00 = U.S.$1.00.
(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

For the Years ended March 31, 2009 and 2008	*Millions of yen* **2009**	2008	*Thousands of U.S. dollars (Note 3)* **2009**
ASSETS			
Current assets:			
Cash and cash equivalents *(Note 15)*	¥ 76,912	¥ 78,654	$ 784,816
Time deposits and short-term investments in securities *(Note 5)*	3,376	4,732	34,449
Notes and accounts receivable *(Note 6)* :			
Trade	123,810	152,710	1,263,367
Unconsolidated subsidiaries and affiliated companies	83	123	847
Allowance for doubtful accounts	(3,013)	(3,743)	(30,745)
	120,880	149,090	1,233,469
Inventories *(Notes 4 and 6)*	123,117	147,525	1,256,296
Deferred tax assets *(Note 8)*	3,265	10,655	33,316
Other current assets	11,914	12,581	121,571
Total current assets	339,466	403,240	3,463,939
Investments:			
Investments in unconsolidated subsidiaries and affiliated companies	598	761	6,102
Investments in other securities *(Note 5 and 6)*	13,115	19,667	133,827
Total investments	13,714	20,428	139,939
Property, plant and equipment *(Notes 6,11 and 19)* **:**			
Land	57,892	63,284	590,735
Buildings and structures	340,118	358,509	3,470,592
Machinery and equipment	513,178	563,265	5,236,510
Construction in progress	6,217	14,929	63,439
	917,406	999,989	9,361,286
Accumulated depreciation	(625,676)	(662,587)	(6,384,449)
Property, plant and equipment, net	291,730	337,401	2,976,837
Other assets:			
Deferred tax assets *(Note 8)*	8,890	40,445	90,714
Other	52,085	53,178	531,480
Total other assets	60,975	93,624	622,194
Total assets	¥705,886	¥854,694	$7,202,918

For the Years ended March 31, 2009 and 2008	2009	2008 (Millions of yen)	2009 (Thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings *(Note 6)*	¥ 18,556	¥ 29,153	$ 189,347
Current portion of long-term debt *(Note 6)*	77	2,201	786
Bonds due within one year	10,000	–	102,041
Notes and accounts payable: Trade	55,528	71,166	566,612
Construction	3,765	6,275	38,418
	59,294	77,441	605,041
Employees' savings deposits	32,795	33,503	334,643
Accrued income taxes *(Note 8)*	2,812	4,675	28,694
Deferred tax liabilities *(Note 8)*	209	127	2,133
Other current liabilities	39,975	48,974	407,908
Total current liabilities	163,721	196,077	1,670,622
Long-term liabilities:			
Long-term debt *(Note 6)*	31,248	40,331	318,857
Liability for employees' severance indemnities *(Note 7)*	90,446	89,779	922,918
Liability for officers' severance indemnities	1,082	1,249	11,041
Reserve for various competition-law-related expenses	24,767	24,912	252,724
Reserve for loss on restructuring	801	–	8,173
Deferred tax liabilities *(Note 8)*	2,824	3,511	28,816
Other long-term liabilities	6,298	6,409	64,265
Total long-term liabilities	157,469	166,193	1,606,827
Contingent liabilities (Note 12)			
Net assets *(Note 9)* **:**			
Shareholders' equity			
Common stock: Authorized: 4,260,000 shares			
Issued: 1,199,240.05 shares	11,992	11,992	122,367
Capital surplus	34,938	34,938	356,510
Retained earnings	385,428	430,757	3,932,939
Treasury stock, at cost: 2009-139.23 shares			
2008-111.69 shares	(5)	(4)	(51)
Total shareholders' equity	432,353	477,683	4,411,765
Valuation and translation adjustments			
Unrealized holding gains on other securities, net	779	3,906	7,949
Unrealized gains on hedge transactions	(113)	(454)	(1,153)
Foreign currency translation adjustments	(56,235)	1,481	(573,827)
Total valuation and translation adjustments	(55,568)	4,933	(567,020)
Minority interests			
Minority interests in consolidated subsidiaries	7,910	9,807	80,714
Total net assets	384,695	492,424	3,925,459
Total liabilities and net assets	¥705,886	¥854,694	$7,202,918

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

YKK Corporation and Consolidated Subsidiaries

For the Years ended March 31, 2009 and 2008	*Millions of yen* **2009**	2008	*Thousands of U.S. dollars (Note 3)* **2009**
Sales and other income:			
Net sales	¥613,446	¥672,644	$6,259,653
Interest and other	6,291	9,765	64,194
	619,738	682,410	6,323,857
Costs and expenses:			
Cost of sales *(Note 10)*	420,092	455,573	4,286,653
Selling, general and administrative expenses *(Note 10)*	169,102	177,428	1,725,531
Interest expense	2,231	2,422	22,765
Exchange loss, net	7,380	3,105	75,306
Loss on disposal of inventories	–	1,379	–
Loss on sales or disposal of property, plant and equipment	977	2,220	9,969
Loss on reserve for various competition-law-related expenses	–	24,567	–
Donation made to Yoshida Scholarship Foundation	–	2,700	–
Loss on restructuring (Note 19)	3,904	–	39,837
Other	6,528	6,451	66,612
	610,217	675,848	6,226,704
Income before income taxes and minority interests	9,520	6,561	97,143
Income taxes *(Note 8)* **:**			
Current	11,295	11,616	115,255
Deferred	40,168	858	409,878
	51,464	12,474	525,143
Loss before minority interests	(41,943)	(5,912)	(427,990)
Minority interests in net income of consolidated subsidiaries	(842)	(1,012)	(8,592)
Net loss	¥ (42,785)	¥ (6,925)	$ (436,582)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

YKK Corporation and Consolidated Subsidiaries

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2007	¥11,992	¥34,938	¥443,230	¥(3)	¥490,157
Changes:					
Dividends			(2,638)		(2,638)
Net loss			(6,925)		(6,925)
Purchase of treasury stock				(0)	(0)
Other			(2,910)		(2,910)
Items other than shareholders' equity, net					
Total changes	–	–	(12,473)	(0)	(12,473)
Balance as of March 31, 2008	¥11,992	¥34,938	¥430,757	¥(4)	¥477,683
Adjustment due to implementation of PITF No.18			98		98
Changes:					
Dividends			(2,638)		(2,638)
Net loss			(42,785)		(42,785)
Purchase of treasury stock				(1)	(1)
Other			(3)		(3)
Items other than shareholders' equity, net					
Total changes	–	–	(45,426)	(1)	(45,427)
Balance as of March 31, 2009	¥11,992	¥34,938	¥385,428	¥(5)	¥432,353

Thousands of U.S. dollars

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2008	$122,367	$356,510	$4,395,480	$(41)	$4,874,316
Adjustment due to implementation of PITF No.18			1,000		1,000
Changes:					
Dividends			(26,918)		(26,918)
Net loss			(436,582)		(436,582)
Purchases of treasury stock				(10)	(10)
Other			(31)		(31)
Items other than shareholders' equity, net					
Total changes	–	–	(463,531)	(10)	(463,541)
Balance as of March 31, 2009	$122,367	$356,510	$3,932,939	$(51)	$4,411,765

See accompanying notes to consolidated financial statements.

Millions of yen

	Valuation and transaction adjustments					
	Unrealized holding gains on other securities, net	Net unrealized gains on hedges transactions	Foreign currency translation adjustments	Total valuation, and translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance as of March 31, 2007	¥9,497	¥ 21	¥ (2,535)	¥ 6,983	¥10,069	¥507,210
Changes:						
Dividends						(2,638)
Net loss						(6,925)
Purchase of treasury stock						(0)
Other						(2,910)
Items other than shareholders' equity, net	(5,590)	(475)	4,017	(2,049)	(262)	(2,311)
Total changes	(5,590)	(475)	4,017	(2,049)	(262)	(14,785)
Balance as of March 31, 2008	¥3,906	¥(454)	¥ 1,481	¥ 4,933	¥ 9,807	¥492,424
Adjustment due to implementation of PITF No.18						98
Changes :						
Dividends						(2,638)
Net loss						(42,785)
Purchase of treasury stock						(1)
Other						(3)
Items other than shareholders' equity, net	(3,126)	341	(57,717)	(60,502)	(1,896)	(62,399)
Total changes	(3,126)	341	(57,717)	(60,502)	(1,896)	(107,826)
Balance as of March 31, 2009	¥ 779	¥(113)	¥(56,235)	¥(55,568)	¥ 7,910	¥384,695

Thousands of U.S. dollars

	Valuation and transaction adjustments					
	Unrealized holding gains on other securities, net	Net unrealized gains on hedges transactions	Foreign currency translation adjustments	Total valuation, and translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance as of March 31, 2008	$39,857	$(4,633)	$ 15,112	$ 50,337	$100,071	$5,024,735
Adjustment due to implementation of PITF No.18						1,000
Changes :						
Dividends						(26,918)
Net loss						(436,582)
Purchases of treasury stock						(10)
Other						(31)
Items other than shareholders' equity, net	(31,898)	3,480	(588,949)	(617,367)	(19,347)	(636,724)
Total changes	(31,898)	3,480	(588,949)	(617,367)	(19,347)	(1,100,265)
Balance as of March 31, 2009	$ 7,949	$(1,153)	$(573,827)	$(567,020)	$ 80,714	$3,925,459

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

YKK Corporation and Consolidated Subsidiaries

For the Years ended March 31, 2009 and 2008	*Millions of yen* **2009**	2008	*Thousands of U.S. dollars (Note 3)* **2009**
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 9,520	¥ 6,561	$ 97,143
Depreciation and amortization	45,799	47,575	467,337
Amortization of goodwill	324	563	3,306
Increase (decrease) in allowance for doubtful accounts	49	(1,626)	500
Increase (decrease) in liability for employees' severance indemnities	1,530	(2,765)	15,612
Interest and dividend income	(2,204)	(2,928)	(22,490)
Interest expense	2,231	2,422	22,765
Loss on sales or disposal of property, plant and equipment	927	2,220	9,459
Gain on sales of property, plant and equipment	(997)	(2,200)	(10,173)
Decrease in notes and accounts receivable	18,675	19,792	190,561
Decrease (Increase) in inventories	9,024	(637)	92,082
Decrease in accounts payable	(13,207)	(9,983)	(134,765)
Reserve for various competition-law-related expenses	–	24,567	–
Loss on restructuring	3,904	–	39,837
Donation	–	2,700	–
Other, net	2,582	(3,683)	26,347
Subtotal	78,158	82,578	797,531
Interest and dividends received	2,190	2,947	22,347
Interest paid	(2,161)	(2,455)	(22,051)
Income taxes paid	(12,320)	(10,183)	(125,714)
Competition-law-related-payment	–	(24,402)	–
Net cash provided by operating activities	65,867	48,484	672,112
Cash flows from investing activities			
Decrease in short-term loans receivable, net	(177)	114	(1,806)
Purchases of time deposits and short-term investments in securities	(3,455)	(2,096)	(35,255)
Proceeds from maturity of time deposits and short-term investments in securities	3,635	1,511	37,092
Acquisition of property, plant and equipment	(41,941)	(52,940)	(427,969)
Proceeds from sales of property, plant and equipment	2,267	5,165	23,133
Acquisition of intangible assets	(4,345)	(5,484)	(44,337)
Purchases of investments in securities	(106)	(260)	(1,082)
Purchases of additional investments in consolidated subsidiaries	(1)	(606)	(10)
Other, net	10	1,251	102
Net cash used in investing activities	(44,114)	(53,347)	(450,143)
Cash flows from financing activities			
Decrease in short-term borrowings, net	(8,770)	(952)	(89,490)
Repayments of lease obligation	(200)	(97)	(2,041)
Proceeds from issuance of bonds	1,606	10,051	16,388
Redemption of bonds	(2,859)	(276)	(29,173)
Purchases of treasury stock	(1)	(0)	(10)
Cash dividends paid	(2,645)	(2,630)	(26,990)
Other	(938)	(521)	(9,571)
Net cash provided by (used in) financing activities	(13,809)	5,571	(140,908)
Effect of exchange rate changes on cash and cash equivalents	(10,556)	(740)	(107,714)
Decrease in cash and cash equivalents	(2,612)	(31)	(26,653)
Cash and cash equivalents at beginning of year	77,166	77,254	787,408
Decrease in cash and cash equivalent due to decrease in subsidiaries	(27)	(56)	(276)
Increase due to inclusion in consolidation	44	–	449
Cash and cash equivalents at end of year *(Note 15)*	¥74,571	¥77,166	$760,929

See accompanying notes to consolidated financial statements.

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 its domestic consolidated subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan.

Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)." In accordance with PITF No. 18, the accompanying consolidated financial statements for the year ended March 31, 2009 have been prepared by using, the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. Until March 31, 2008, the accompanying consolidated financial statements had been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Law of Japan and have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The notes to the accompanying consolidated financial statements include certain information which is not required under accounting principles and practices generally accepted in Japan but are presented herein as additional information. As permitted by the Financial Instruments and Exchange Law, 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

The accompanying consolidated financial statements include the accounts of the Company and all significant companies controlled directly or indirectly by the Company. The accounts of the consolidated subsidiaries are included on the basis of financial periods which end on or three months prior to March 31. All significant intercompany balances and transactions have been eliminated in consolidation.

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.

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

Translation of foreign currencies

Current and non-current monetary accounts denominated in foreign currencies of the Company and its domestic consolidated subsidiaries are translated into yen at the current rates of exchange and the resulting translation gain or loss is included in the accompanying consolidated statements of income.

All asset and liability accounts of the overseas consolidated subsidiaries and affiliates are translated into yen at the rates of exchange in effect at the balance sheet date, and all income and expense accounts are translated into yen at the average exchange rate during the year. The components of net assets excluding minority interests in consolidated subsidiaries are translated into yen at their historical exchange rates. The effects of these translation adjustments are accumulated and included in translation adjustments and minority interests in consolidated subsidiaries in the accompanying 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 of the Company and its domestic consolidated subsidiaries are valued primarily at cost determined by the moving average method. Inventories of the overseas consolidated subsidiaries are valued primarily at cost determined on an average basis.

The balance sheet amounts are determined by using the method of write-downs based on decrease in the profitability.

Securities

Securities, except for investments in unconsolidated subsidiaries and affiliates, are classified as held-to-maturity securities or other securities. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost. Depreciation at the Company and at its domestic consolidated subsidiaries is calculated primarily by the declining-balance method at rates based on estimated useful lives ranging from 3 to 55 years for buildings and structures, and from 2 to 15 years for machinery and equipment except for buildings acquired on or subsequent to April 1, 1998 on which depreciation is calculated by the straight-line method. Depreciation at the overseas consolidated subsidiaries is computed primarily by the straight-line method. Maintenance and minor repairs are charged to income as incurred; major renewals and improvements are capitalized.

Due to the revision of Corporation Tax Law and the related regulation, the Company and its consolidated domestic subsidiaries have adopted, effective in the previous fiscal year, the depreciation method where the residual value of the property, plant and equipment, acquired on or before March 31, 2007 and fully depreciated to the depreciable limit (currently 95% of their acquisition costs) is depreciated by the straight line method over a period of five years. As a result of the change of method, income before income taxes and minority interests decreased by ¥675 million from the amount which would have been recorded under the previous method. The effect on segment information is described in Note 16.

Allowance for doubtful accounts

The Company and consolidated subsidiaries provide allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of collection losses in normal receivables.

Liability for severance indemnities

Accrued employees' severance indemnities of the Company and its domestic consolidated subsidiaries as of the balance sheet dates have been provided mainly at an amount calculated based on the severance indemnities obligation and the fair value of the pension plan assets as of the balance sheet dates as adjusted for unrecognized prior service cost and unrecognized actuarial gain or loss. The severance indemnities obligation is attributed to each period by the straight-line method over the average remaining years of service of the eligible employees.

Prior service cost is being amortized as incurred by the straight-line method over a period of 10 to 20 years which is within the average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method over a period of 1 to 17 years which is within the average remaining years of service of the eligible employees.

In addition, directors and corporate auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded severance indemnities plans. Provision for the severance indemnities for those officers has been made at an estimated amount.

Reserve for various competition-law-related expenses

On September 19, 2007, the Company and its European subsidiaries, YKK Holding Europe B.V., and YKK Stocko Fasteners GmbH received the Decision from the European Commission with an order for these three YKK companies concerned to pay the fines which total €150,250 thousand for alleged violations of European competition law with respect to hard haberdashery products (snap and buttons) and Zippers (slide fasteners). After the study of the Decision, the three YKK companies concerned decided not to accept it, and filed an appeal with the European Court of First Instance on December 7, 2007. Although the judgment has not been rendered by the court, the three YKK companies recorded a reserve for the fines ordered in the Decision and estimated litigation expenses.

Reserve for loss on restructuring

In order to prepare for expected losses on closing of plants and other restructuring activities related to restructuring of the production supply network for the domestic architectural products business, the amount of estimated losses is recorded as reserve for loss on restructuring.

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 be reversed.

Research and development expenses

Research and development expenses except for software development costs are charged to income as incurred.

Software development costs at the Company and its domestic consolidated subsidiaries are amortized by the straight-line method over an expected useful life of 5 years.

Derivative financial instruments

The Company and certain consolidated subsidiaries are exposed to risk arising from fluctuation in foreign currency exchange rates and interest rates. In order to manage this risk, the Company and certain consolidated subsidiaries enter into various derivative transactions including forward foreign exchange contracts, currency swaps and interest-rate swaps.

Derivative financial instruments are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss, net of the applicable income taxes, is included directly in net assets. Receivables and payables hedged by qualified forward foreign exchange contracts and currency swap contracts are translated at the corresponding contract rates. The interest paid or received under interest-rate swaps qualified as hedging instruments is recognized over the terms of the swap agreements as an adjustment to the interest expense of the underlying hedged items if certain conditions defined in the applicable accounting standard are met.

Leases

Leased assets are accounted for using the straight-line method in which the lease period is used as the useful lives and it is assumed that residual value of the relevant asset falls to zero at the end of the leased period.

Finance lease transaction executed on or before March 31, 2008 that do not involve a transfer of ownership are accounted for using the same method as operating leases.

2. CHANGE IN METHOD OF ACCOUNTING

Accounting Method of Depreciation for Property, Plant and Equipment

The Company and its consolidated domestic subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 due to the revision of Corporation Tax Law and the related regulation. As a result of the change of method, income before income taxes and minority interests decreased by ¥1,071 million from the amount which would have been recorded under the previous method for the year ended March 31, 2008. The effect on segment information is described in Note 16.

Important change in valuation basis and method for assets (Inventories)

In previous fiscal years, the Company and its domestic consolidated subsidiaries accounted for inventories held in the ordinary course of business mainly under the cost method based on the moving-average method. However, effective April 1, 2008, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued July 5, 2006) has been adopted, inventories are mainly accounted for under the cost method based on the moving-average method (the balance sheet amounts are determined by using the method of write-downs based on decrease in the profitability) starting from the current fiscal year. As a result of the change in accounting principle, income before income taxes and minority interests decreased by ¥1,233 million ($12,582 thousand) from the amount which would have been recorded under the previous method for the year ended March 31, 2009. The effect on segment information is described in Note 16.

Application of "Accounting Standard for Lease Transactions"

Before the fiscal year ended March 31, 2008, finance lease transactions that do not involve a transfer of ownership were accounted for using the same method as operating leases. Effective April 1, 2008, "Accounting Standard for Lease Transactions"(ASBJ Statement No.13, issued June 17, 1993 (First Committee of Business Accounting Council), revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions"(ASBJ Guidance No.16, issued January 18, 1994 (Accounting System Committee of Japan Institute of Certified Public Accountants), revised March 30, 2007) have been adopted and all finance lease transactions are capitalized, except finance lease transactions executed on or before March 31, 2008 that do not involve a transfer of ownership, are accounted by the same method as former fiscal years. The financial impact on income and each segment is immaterial.

Application of "PITF No.18"

Effective April 1, 2008, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No.18) has been adopted, and it is accordingly necessary to amend consolidated financial statements from the fiscal year beginning April 1, 2008. The financial impact on income and each segment is immaterial.

3. 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 ¥98.00 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009. This 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.

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Finished products	¥ 27,893	¥ 31,968	$ 284,622
Work in process	56,201	68,572	573,480
Raw materials and supplies	39,022	48,521	398,184
Inventory valuation reserves	–	(1,536)	–
	¥123,117	¥147,525	$1,256,296

5. SECURITIES

Marketable securities classified as held-to-maturity securities and other securities at March 31, 2009 and 2008 were as follows:

Marketable held-to-maturity debt securities

	Millions of yen			Thousands of U.S. dollars		
March 31, **2009**	Carrying value	Fair value	Unrecognized gain	Carrying value	Fair value	Unrecognized gain
Securities whose fair value exceeds their carrying value:						
Government bonds	¥ 31	¥ 32	¥0	$ 316	$ 327	$ 0
Other	77	79	2	786	806	20
Subtotal	109	111	2	1,112	1,133	20
Securities whose fair value does not exceed their carrying value:						
Government bonds	1	1	–	10	10	–
Corporate bonds	0	0	–	0	0	–
Subtotal	2	2	–	20	20	–
Total	¥111	¥114	¥2	$1,133	$1,163	$20

	Millions of yen		
March 31, **2008**	Carrying value	Fair value	Unrecognized gain
Securities whose fair value exceeds their carrying value:			
Interest-bearing bank bond	¥ 79	¥ 82	¥3
Subtotal	79	82	3
Securities whose fair value does not exceed their carrying value:			
Government bonds	45	45	–
Other	45	45	–
Subtotal	90	90	–
Total	¥169	¥172	¥3

Marketable securities – other

March 31, **2009**	Millions of yen Acquisition cost	Carrying value	Unrecognized gain (loss)	Thousands of U.S. dollars Acquisition cost	Carrying value	Unrecognized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥3,361	¥5,203	¥1,842	$34,296	$53,092	$18,796
Other	4	7	2	41	71	20
Subtotal	3,365	5,210	1,845	34,337	53,163	18,827
Securities whose carrying value does not exceed their acquisition cost:						
Stocks	2,140	1,766	(373)	21,837	18,020	(3,806)
Other	561	558	(2)	5,724	5,694	(20)
Subtotal	2,701	2,325	(376)	27,561	23,724	(3,837)
Total	¥6,067	¥7,536	¥1,469	$61,908	$76,898	$14,990

March 31, **2008**	Millions of yen Acquisition cost	Carrying value	Unrecognized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥5,429	¥12,075	¥6,646
Other	167	190	23
Subtotal	5,596	12,265	6,669
Securities whose carrying value does not exceed their acquisition cost:			
Stocks	74	52	(22)
Other	882	879	(2)
Subtotal	957	932	(25)
Total	¥6,553	¥13,198	¥6,644

Non-marketable securities classified as other securities at March 31, 2009 and 2008 were as follows:

Non-marketable securities – other

	Carrying value		
	Millions of yen		Thousands of U.S. dollars
March 31	**2009**	2008	**2009**
Unlisted stocks	¥5,552	¥6,478	$ 56,653
Other	3,285	–	33,520

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities at March 31, 2009 is summarized as follows:

	Millions of yen Due in one year or less	Due after one year through five years	Thousands of U.S. dollars Due in one year or less	Due after one year through five years
Debt securities:				
Government bonds	¥31	¥ 1	$ 316	$ 10
Corporate bonds	–	1	–	10
Other	67	9	684	92
Total	¥99	¥11	$1,010	$112

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2009 and 2008 consisted principally of unsecured loans maturing within 365 days, at interest rates ranging from 0.00% to 14.00% per annum (from 0.85% to 14.50% in 2008).

Long-term debt at March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2009**	2008	**2009**
0.39% unsecured notes due 2010	¥10,000	¥10,000	$102,041
1.02% unsecured notes due 2011	10,000	10,000	102,041
1.69% unsecured notes due 2013	10,000	10,000	102,041
1.83% unsecured notes due 2017	9,994	9,993	101,980
0.00% to 12.75% loans, principally from banks and insurance companies, due from 2009 to 2017:			
Secured	229	84	2,337
Unsecured	1,102	2,454	11,245
	41,326	42,532	421,684
0.00% to16.57% lease payments	430	–	4,388
Less: Current portion	10,219	2,201	104,276
	¥31,538	¥40,331	$321,816

Assets pledged as collateral for short-term and long-term loans totaled ¥ 252million ($2,571 thousand) and ¥329 million at March 31, 2009 and 2008, respectively, and are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2009**	2008	**2009**
Notes and accounts receivable	¥370	¥1,555	$3,776
Inventories	29	49	296
Property, plant and equipment	212	139	2,163
Investment securities	208	–	2,122
	¥819	¥1,744	$8,357

The aggregate annual maturities of long-term debt outstanding at March 31, 2009 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥10,219	$104,276
2011	10,266	104,755
2012	1,140	11,633
2013	10,062	102,673
2014	33	337
2015 and thereafter	10,035	102,398
	¥41,757	$426,092

7. LIABILITY FOR EMPLOYEES' SEVERANCE INDEMNITIES AND PENSION PLANS

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans and business annuity plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic salary, length of service, and the conditions under which termination occurs. Certain overseas consolidated subsidiaries have also adopted defined benefit plans.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the accompanying consolidated balance sheets as of March 31, 2009 and 2008 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		*Thousands of U.S. dollars*
March 31	**2009**	2008	**2009**
Projected benefit obligation	¥(197,552)	¥(197,003)	$(2,015,837)
Plan assets at fair value	76,145	89,505	776,990
Funded status	(121,407)	(107,498)	(1,238,847)
Unrecognized actuarial gain or loss	32,018	22,350	326,714
Unrecognized prior service cost	3,046	504	31,082
Net retirement benefit obligation	(86,342)	(84,633)	(881,041)
Prepaid pension cost	4,103	5,136	41,867
Accrued retirement benefits	¥ (90,446)	¥ (89,779)	$ (922,918)

The components of severance benefit expenses for the years ended March 31, 2009 and 2008 are outlined as follows:

	Millions of yen		*Thousands of U.S. dollars*
Year ended March 31	**2009**	2008	**2009**
Service cost	¥ 8,575	¥ 9,426	$ 87,500
Interest cost	5,930	5,672	60,510
Expected return on plan assets	(2,719)	(2,607)	(27,745)
Amortization of unrecognized actuarial gain or loss	2,538	1,835	25,898
Amortization of prior service cost	138	66	1,408
Net periodic pension cost	¥14,463	¥14,392	$147,582

The assumptions used in the actuarial calculations for the above plans for the years ended March 31, 2009 and 2008 were as follows:

Year ended March 31	**2009**	2008
Discount rates	3.0-12.0% per annum	3.0-6.0% per annum
Expected rates of return on plan assets	3.0-8.0% per annum	3.0-8.0% per annum

8. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of approximately 40% for the years ended March 31, 2009 and 2008. Income taxes of the overseas-consolidated subsidiaries are based generally on the tax rates applicable in their respective countries of incorporation.

The effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 differed from the statutory tax rate for the following reasons:

Year ended March 31	**2009**	2008
Statutory tax rate	40.0%	40.0%
Effect of:		
Income of certain overseas consolidated subsidiaries whose statutory tax rate is lower than that of domestic consolidated subsidiaries	(30.1)	(83.4)
Expenses not deductible for income tax purposes	–	(8.4)
Decrease in deferred tax assets	453.3	–
Dividend income not deductible for income tax purposes	60.9	222.6
Tax effect of eliminating intercompany items other than dividend income	20.5	–
Tax effect of retained earnings of overseas subsidiaries	(21.1)	–
Other, net	17.1	19.3
Effective tax rates	540.5%	190.1%

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
March 31	**2009**	2008	**2009**
Deferred tax assets:			
Accrued severance benefits	¥26,334	¥32,461	$268,714
Accrued bonuses	2,363	4,937	24,112
Unrealized profit	5,993	8,973	61,153
Net operating loss carry forwards	8,218	5,169	83,857
Other	9,166	10,653	93,531
Gross deferred tax assets	52,076	62,177	531,388
Less: Valuation allowance	(38,236)	(5,386)	(390,163)
Total deferred tax assets	13,840	56,790	141,224
Deferred tax liabilities:			
Depreciation	(2,314)	(2,571)	(23,612)
Unrealized holding gains on other securities, net	(602)	(2,639)	(6,143)
Other	(1,799)	(4,118)	(18,357)
Total deferred tax liabilities	(4,717)	(9,329)	(48,133)
Net deferred tax assets	¥ 9,123	¥47,461	$ 93,092

9. NET ASSETS

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

10. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in manufacturing costs and in selling, general and administrative expenses for the years ended March 31, 2009 and 2008 totaled ¥22,390 million ($228,469 thousand) and ¥22,449 million, respectively.

11. LEASES

Lessees' accounting

The lease transactions executed on and before March 31, 2008 continue to be accounted for in the same method as operating leases.

The following pro forma amounts represent the acquisition costs (including the interest portion), accumulated depreciation and net book value of the leased assets at March 31, 2009 and 2008, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

Millions of yen

			2009			2008
March 31	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥ 634	¥ 392	¥241	¥ 626	¥ 317	¥ 308
Machinery and equipment	1,228	754	474	1,309	755	554
Intangible assets	24	19	4	8	7	1
Total	¥1,887	¥1,166	¥721	¥1,944	¥1,080	¥864

Thousands of U.S. dollars

			2009
March 31	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	$ 6,469	$ 4,000	$2,459
Machinery and equipment	12,531	7,694	4,837
Intangible assets	245	194	41
Total	$19,255	$11,898	$7,357

Lease payments relating to finance leases accounted for as operating leases amounted to ¥438 million ($4,469 thousand) and ¥433 million for the years ended March 31, 2009 and 2008, respectively. Depreciation of the leased assets is calculated by the straight-line method over the respective lease terms and amounted to ¥438 million ($4,469 thousand) and ¥433 million for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2009 for finance lease transactions accounted for as operating leases are summarized as follows:

Year ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2010	¥315	$3,214
2011 and thereafter	405	4,133
Total	¥721	$7,357

The minimum rental payments subsequent to March 31, 2009 for operating leases with noncancelable lease terms in excess of one year are summarized as follows:

Year ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2010	¥ 963	$ 9,827
2011 and thereafter	1,920	19,592
Total	¥2,884	$29,429

Lessors' accounting

The lease transactions executed on and before March 31, 2008 continue to be accounted for in the same method as operating leases.

The following pro forma amounts represent the acquisition costs accumulated depreciation and net book value of the leased assets for finance leases accounted for as operating leases at March 31, 2009:

	Millions of yen			*Thousands of U.S. dollars*		
			2009			**2009**
March 31	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥194	¥47	¥146	$1,980	$480	$1,490
Intangible assets	92	22	70	939	224	714
Total	¥287	¥70	¥217	$2,929	$714	$2,214

Lease income relating to finance leases accounted for as operating leases amounted to ¥388 million ($3,959 thousand) and ¥377 million for the years ended March 31, 2009 and 2008, respectively. Depreciation of the leased assets amounted to ¥43 million ($439 thousand) and ¥63 million for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2009 for finance lease transactions accounted for as operating leases is summarized as follows:

Year ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2010	¥ 98	$1,000
2011 and thereafter	118	1,204
Total	¥217	$2,214

12. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2009 and 2008 for notes discounted and guarantees given in the ordinary course of business amounted to approximately ¥312 million ($3,184 thousand) and ¥321 million, respectively, including ¥310 million ($3,163 thousand) and ¥321 million, respectively, for loans guaranteed on behalf of certain suppliers.

13. AMOUNTS PER SHARE

Basic net loss per share has been computed based on the net loss available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year. Diluted net loss per share has not been presented for the years ended March 31, 2009 and 2008 since neither the Company nor any of the consolidated subsidiaries had potentially dilutive shares of common stock in issue at March 31, 2009 and 2008.

	yen		*U.S. dollars*
Year ended March 31	**2009**	2008	**2009**
Net loss per share	¥35,681	¥5,775	$364.09

The following table sets forth the computation of net loss per share of common stock for the years ended March 31, 2009 and 2008:

	Millions of yen		*Thousands of U.S. dollars*
Year ended March 31	**2009**	2008	**2009**
Numerator:			
Net loss available for distribution to shareholders of common stock			
Net loss	¥42,785	¥6,925	$436,582
			Thousands of shares
Denominator:			
Weighted-average number of shares of common stock outstanding	1,199	1,199	1,199

Net assets per share have been computed based on the net assets available for distribution to shareholders of common stock and the number of shares of common stock outstanding at each balance sheet date.

	yen		*U.S. dollars*
March 31	**2009**	2008	**2009**
Net assets per share	¥314,223	¥402,473	$3,206.36

14. DERIVATIVES

Various derivatives including forward foreign exchange contracts, currency swaps and interest-rate swaps utilized by the Company and certain consolidated subsidiaries entail a degree of market risk. However, the Company and these consolidated subsidiaries do not anticipate significant risk resulting from their open derivatives positions which have all been designated as hedges. The Company and consolidated subsidiaries are 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 and consolidated subsidiaries enter into such transactions only with financial institutions with high credit ratings.

Summarized below are the contract amounts and the estimated fair value of the derivatives positions outstanding at March 31, 2009 and 2008:

Currency Related

	Millions of yen			Thousands of U.S. dollars		
March 31, ***2009***	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell : U.S.$	¥2,275	¥2,279	¥ (3)	$23,214	$23,255	$ (31)
Buy: JPY	3,405	3,666	(259)	34,745	37,408	(2,643)
Euro	225	215	(9)	2,296	2,194	(92)
Currency swaps						
U.S.$ / received;						
JPY / paid,	427	(84)	(84)	4,357	(857)	(857)
Total	–	–	¥(357)	–	–	$(3,643)

	Millions of yen		
March 31, ***2008***	Contract amount	Estimated fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Sell : U.S.$	¥4,143	¥4,111	¥ 31
Buy: JPY	–	–	–
Euro	–	–	–
Currency swaps			
U.S.$ / received;			
JPY / paid,	697	(28)	(28)
Total	–	–	¥ 2

Interest rate related

	Millions of yen			Thousands of U.S. dollars		
March 31, ***2009***	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)
Interest rate swap contracts:						
Floating / received; fixed / paid,	¥89	¥(1)	¥(1)	$908	$(10)	$(10)
Total			¥(1)			$(10)

15. SUPPLEMENTARY CASH FLOW INFORMATION

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

The following table represents a reconciliation of cash and cash equivalents at March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
March 31	**2009**	2008	**2009**
Cash and cash equivalents in consolidated balance sheets	¥76,912	¥78,654	$784,816
Bank overdrafts	(2,340)	(1,487)	(23,878)
Cash and cash equivalents in consolidated statements of cash flows	¥74,571	¥77,166	$760,929

16. SEGMENT INFORMATION

The following tables summarize the business and geographical segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008:

Business segments

Millions of yen

Year ended or as of March 31, ***2009***	Fasteners	Architectural products	Machinery	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income							
Sales to third parties	¥256,595	¥348,952	¥ 1,522	¥ 6,375	¥613,446	¥ –	¥613,446
Intersegment sales and transfers	554	552	24,257	28,674	54,039	(54,039)	–
Total sales	257,150	349,505	25,780	35,050	667,486	(54,039)	613,446
Operating expenses	225,205	351,590	25,802	34,439	637,037	(47, 841)	589,195
Operating income(loss)	¥ 31,945	¥ (2,085)	¥ (21)	¥ 611	¥ 30,449	¥ (6,198)	¥ 24,251
II. Total assets, depreciation, impairment loss and capital expenditures							
Total assets	¥286,489	¥269,003	¥19,047	¥192,401	¥766,941	¥(61,054)	¥705,886
Depreciation	25,369	17,352	1,724	1,568	46,014	(215)	45,799
Impairment of fixed assets	241	822	–	2,519	3,583	–	3,583
Capital expenditures	24,156	14,705	1,594	2,901	43,357	2,484	45,841

Thousands of U.S. dollars

Year ended or as of March 31, ***2009***	Fasteners	Architectural products	Machinery	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income							
Sales to third parties	$2,618,316	$3,560,735	$ 15,531	$ 65,051	$6,259,653	$ –	$6,259,653
Intersegment sales and transfers	5,653	5,633	247,520	292,592	551,418	(551,418)	–
Total sales	2,623,980	3,566,378	263,061	357,653	6,811,082	(551,418)	6,259,653
Operating expenses	2,298,010	3,587,653	263,286	351,418	6,500,378	(488,173)	6,012,194
Operating income(loss)	$ 325,969	$ (21,276)	$ (214)	$ 6,235	$ 310,704	$ (63,245)	$ 247,459
II. Total assets, depreciation, impairment loss and capital expenditures							
Total assets	$2,923,357	$2,744,929	$194,357	$1,963,276	$7,825,929	$(623,000)	$7,202,918
Depreciation	258,867	177,061	17,592	16,000	469,531	(2,194)	467,337
Impairment of fixed assets	2,459	8,388	–	25,704	36,561	–	36,561
Capital expenditures	246,490	150,051	16,265	29,602	442,418	25,347	467,765

As described Note 2, effective from the fiscal year beginning April 1, 2008, the Company and its consolidated domestic subsidiaries adopted the new "Accounting Standard for Measurement of Inventories" (the ASBJ Statement No.9 issued on July 5, 2006). As a result, operating expenses for the current fiscal year increased by ¥923 million ($9,418 thousand) in Fasteners, by ¥2,051 million ($20,929 thousand) in Architectural products, by ¥167 million ($1,704 thousand) in Machinery, and by ¥98 million ($1,000 thousand) in Other, and operating income decreased by the same amount, as compared with the results calculated under the previous accounting principle.

Millions of yen

Year ended or as of March 31, ***2008***	Fasteners	Architectural products	Machinery	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income							
Sales to third parties	¥279,249	¥384,811	¥ 1,689	¥ 6,893	¥672,644	¥ –	¥672,644
Intersegment sales and transfers	530	80	33,503	30,393	64,508	(64,508)	–
Total sales	279,780	384,891	35,193	37,287	737,152	(64,508)	672,644
Operating expenses	241,345	379,321	32,544	36,172	689,383	(56,381)	633,001
Operating income	¥ 38,435	¥ 5,570	¥ 2,649	¥ 1,114	¥ 47,769	¥ (8,126)	¥ 39,642
II. Total assets, depreciation and capital expenditures							
Total assets	¥370,537	¥325,138	¥24,762	¥213,116	¥933,554	¥(78,860)	¥854,694
Depreciation	27,209	17,737	1,601	1,393	47,942	(365)	47,575
Capital expenditures	35,712	19,813	3,025	1,022	59,574	(460)	59,113

As described in Note 2, the Company and its consolidated domestic subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 due to the revision of Corporation Tax Law and the related regulation. The effect of this change in depreciation method was to increase operating expense of Fasteners, Architectural products, Machinery, Other and Elimination and corporate for the year ended March 31, 2008 by ¥206 million, ¥725 million, ¥55 million, ¥12 million and ¥58 million, respectively.

In addition, due to the revision of Corporation Tax Law and the related regulation, the Company and its consolidated domestic subsidiaries have adopted, effective in the current fiscal year, the depreciation method where the residual value of the property, plant and equipment, acquired on or before March 31, 2007 and fully depreciated to the depreciable limit (currently 95% of their acquisition costs) is depreciated by the straight line method over a period of five years. The effect of the change in treatment of residual value was to increase operating expense of Fasteners, Architectural products, Machinery, Other and Elimination and corporate for the year ended March 31, 2008 by ¥147 million, ¥371 million, ¥35 million, ¥40 million and ¥44 million, respectively.

Geographical areas

Millions of yen

Year ended or as of March 31, ***2009***	Japan	North/Central America	South America	Europe, Middle East, Africa	East Asia	South-Asia, Oceania	Total	Eliminations or corporate	Consolidated
Sales to third parties	¥355,558	¥52,924	¥11,477	¥50,013	¥105,428	¥38,045	¥613,446	¥ –	¥613,446
Intersegment sales and transfers	57,438	6,667	73	1,083	13,042	18,857	97,162	(97,162)	–
Total sales	412,997	59,591	11,550	51,096	118,470	56,902	710,609	(97,162)	613,446
Operating expenses	408,475	57,097	10,399	47,232	105,394	52,434	681,034	(91,838)	589,195
Operating income	¥ 4,521	¥ 2,494	¥ 1,151	¥ 3,864	¥ 13,075	¥ 4,467	¥ 29,574	¥ (5,323)	¥ 24,251
Total assets	¥339,734	¥37,966	¥12,239	¥49,752	¥146,681	¥58,683	¥645,057	¥60,829	¥705,886

Thousands of U.S. dollars

Year ended or as of March 31, ***2009***	Japan	North/Central America	South America	Europe, Middle East, Africa	East Asia	South-Asia, Oceania	Total	Eliminations or corporate	Consolidated
Sales to third parties	$3,628,143	$540,041	$117,112	$510,337	$1,075,796	$388,214	$6,259,653	$ –	$6,259,653
Intersegment sales and transfers	586,102	68,031	745	11,051	133,082	192,418	991,449	(991,449)	–
Total sales	4,214,255	608,071	117,857	521,388	1,208,878	580,633	7,251,112	(991,449)	6,259,653
Operating expenses	4,168,112	582,622	106,112	481,959	1,075,449	535,041	6,949,327	(937,122)	6,012,194
Operating income	$ 46,133	$ 25,449	$ 11,745	$ 39,429	$ 133,418	$ 45,582	$ 301,776	$ (54,316)	$ 247,459
Total assets	$3,466,673	$387,408	$124,888	$507,673	$1,496,745	$598,806	$6,582,214	$620,704	$7,202,918

As described in Note 2, effective from the fiscal year beginning April 1, 2008, the Company and its consolidated domestic subsidiaries adopted the new "Accounting Standard for Measurement of Inventories" (the ASBJ Statement No.9 issued on July 5, 2006). As a result, operating expenses increased by ¥3,240 million ($33,061 thousand) in Japan segment, and operating income decreased by the same amount, as compared with the results calculated under the previous accounting principle.

Millions of yen

Year ended or as of March 31, ***2008***	Japan	North/Central America	South America	Europe, Middle East, Africa	East Asia	South-Asia, Oceania	Total	Eliminations or corporate	Consolidated
Sales to third parties	¥391,938	¥61,802	¥11,286	¥56,946	¥109,096	¥41,574	¥672,644	¥ –	¥672,644
Intersegment sales and transfers	70,359	7,632	90	1,392	15,527	21,008	116,010	(116,010)	–
Total sales	462,297	69,434	11,376	58,339	124,624	62,582	788,655	(116,010)	672,644
Operating expenses	444,268	65,586	10,519	52,178	109,874	57,309	739,737	(106,735)	633,001
Operating income	¥ 18,029	¥ 3,847	¥ 857	¥ 6,160	¥ 14,749	¥ 5,273	¥ 48,918	¥ (9,275)	¥ 39,642
Total assets	¥409,164	¥50,586	¥17,987	¥69,313	¥176,239	¥76,603	¥799,895	¥ 54,799	¥854,694

As describe in Note 2, the Company and its consolidated domestic subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 due to the revision of Corporation Tax Law and the related regulation. The effect of this change in depreciation method was to increase operating expense of Japan and Elimination and corporate for the year ended March 31, 2008 by ¥1,000 million and ¥58 million, respectively.

In addition, due to the revision of Corporation Tax Law and the related regulation, the Company and its consolidated domestic subsidiaries have adopted, effective in the current fiscal year, the depreciation method where the residual value of the property, plant and equipment, acquired on or before March 31, 2007 and fully depreciated to the depreciable limit (currently 95% of their acquisition costs) is depreciated by the straight line method over a period of five years. The effect of the change in treatment of residual value was to increase operating expense of Japan and Eliminate and corporate for the year ended March 31, 2008 by ¥595 million and ¥44 million, respectively.

Overseas sales

Year ended March 31, **2009**	North/Central America	South America	Europe, Middle East, Africa	East Asia	South- Asia, Oceania	Total
						Millions of yen
I. Overseas sales	¥53,064	¥11,563	¥48,828	¥108,724	¥38,264	¥260445
II. Consolidated sales						613,446
III. Overseas sales as a percentage of consolidated sales	8.7%	1.9%	8.0%	17.7%	6.2%	42.5%

Year ended March 31, **2009**						*Thousands of U.S. dollars*
I. Overseas sales	$541,469	$117,990	$498,245	$1,109,429	$390,449	$2,657,602
II. Consolidated sales						6,259,653
III. Overseas sales as a percentage of consolidated sales	8.7%	1.9%	8.0%	17.7%	6.2%	42.5%

Year ended March 31, **2008**	North/Central America	South America	Europe, Middle East, Africa	East Asia	South- Asia, Oceania	Total
						Millions of yen
I. Overseas sales	¥62,486	¥11,330	¥55,596	¥113,381	¥44,743	¥287,538
II. Consolidated sales						672,644
III. Overseas sales as a percentage of consolidated sales	9.3%	1.7%	8.3%	16.8%	6.6%	42.7%

17. SUBSEQUENT EVENTS

Distribution of Retained Earnings

The following distribution of retained earnings which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2009 was approved at the general meeting of the shareholders of the Company held on June 29, 2009:

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends (¥1,800 = $18.37) per share	¥2,158	$22,020

18. RELATED PARTY TRANSACTIONS

The related party transaction for the years ended March 31, 2009 and 2008 were as follows:

The new accounting standard for related parties, “Accounting Standard for Related Party Disclosures”(ASBJ Statement No.11, issued October 17, 2006) and related guidance are applied from the fiscal year ended March 31, 2009.

*Year ended March 31, **2009***

Name	Capital	Voting right share owning (share owned)	Transactions	Millions of yen	Thousands of U.S.dollars	Closing Balances	Millions of yen	Thousands of U.S.dollars
Mr. Tadahiro Yoshida	–	share owned Direct 5.49% Indirect14.47%	Endowment	¥50	$510	–	–	–
Mr. Yukio Yanagida	–		Legal services	¥21	$214	Other current liabilities	¥2	$20

*Year ended March 31, **2008***

Name	Capital	Voting right share owning (share owned)	Transactions	Millions of yen	Closing Balances	Millions of yen
Mr. Tadahiro Yoshida	–	share owned Direct 5.49% Indirect14.47%	Endowment	¥50	–	–
Mr. Yukio Yanagida	–		Legal services	¥49	Other current liabilities	¥3

The amounts of endowment represent payments to Yoshida Scholarship Foundation made as part of the social contribution project for the purpose of supporting the business activities of the foundation based on an agreement on transfer of assets (endowment). Mr. Tadahiro Yoshida, the President of the Company, is also a director of Yoshida Scholarship Foundation.

The amounts of legal services represent payments incurred in connection with transactions with Yanagida & Nomura, whose representative is Mr. Yukio Yanagida, the director of the Company. The terms of the transactions are determined based on the same standards as applied to third-party transactions.

19. IMPAIRMENT OF FIXED ASSETS

Loss on restructuring

The Company record a loss on restructuring as an extraordinary loss, which consists of an estimated ¥801 million ($8,173 thousand) of reserve to prepare for closing of plants and other restructuring activities related to restructuring of the production supply network for the domestic architectural products business and an estimated impairment loss due to decrease of profitability of these assets.
The Company recorded impairment loss as part of the loss on restructuring on the following asset groups:

Use	Class	Location
Productive asset	Building, land, etc.	Chiba Prefecture, etc.
	Building, machinery, equipment ,etc.	Oita Prefecture, etc.

The Group establishes the grouping of assets pertaining to the loss on restructuring on the basis of individual properties.

Since profitability of the asset groups indicated above declined significantly, the Company wrote down the book value of the asset groups to their recoverable amount and recorded the amount of the write-down (¥3,103 million; $31,663 thousand) as impairment loss, which is included in the loss on restructuring recorded as extraordinary loss for the current fiscal year. The amount of impairment loss represents the sum of the amounts attributable to building and structure (¥1,829 million; $18,663 thousand), land (¥1,180 million; $12,041 thousand), and other fixed assets (¥93 million; $949 thousand).
The recoverable amount of these assets is measured at net realizable value or value in use.
In cases where the recoverable amount is measured at net realizable value, for the valuation of land, appraisal value based on real estate appraisal report or inheritance tax valuation such as *rosenka* (roadside price) was used.
In cases where the recoverable amount is measured at value in use, valuation is based on the present value of future cash flow discounted at a discount rate of 5.1%.

Report of Independent Auditors

The Board of Directors
YKK Corporation

We have audited the accompanying consolidated balance sheets of YKK Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of YKK Corporation and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 2, effective April 1, 2008, the Company adopted the "Accounting Standard for Measurement of Inventories."

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 3.

We also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2009 of YKK Corporation and consolidated subsidiaries (the "Company") (the "Management's Report"). The Company's management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on the Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as of March 31, 2009 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

June 29, 2009

Ernst & Young ShinNihon LLC

Management's Report on Internal Control over Financial Reporting

Basic Framework of Internal Control over Financial Reporting

Tadahiro Yoshida, President and Takeshi Kawasaki, President & CEO and Vice Chairman of Board &CFO, are responsible for designing and operating adequate internal control over financial reporting for the Company, consolidated subsidiaries and equity method affiliates (the "YKK Group"). We may ensure the fairness and the reliability of presentation in the financial reporting for the YKK Group by designing and operating effective internal control systems in accordance with the basic framework set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by Business Accounting Council.

Internal control may not operate effectively due to misjudgments, carelessness or collusion among two or more individuals or it may not necessarily respond to unexpected changes in internal or external environments when controls were designed for non-routine transactions. Internal control cannot provide absolute assurance with respect to the achievement of objectives due to the inherent limitations and it may not completely prevent or detect misstatements in financial report.

Scope of Assessment, Assessment Date and Assessment Procedure

We assessed the effectiveness of the Company's internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2009 in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan. For this assessment, we first evaluated the company-level controls which would have a material impact on the reliability of overall financial reporting on a consolidated basis. We then selected the process-level controls to be assessed based on the results of the company-level control assessment. For the process-level control assessment, we evaluated the effectiveness of internal control by analyzing processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and assessing the design and operation of such key controls.

We determined the scope of assessment by selecting the Company, consolidated subsidiaries and affiliates based on their materiality of impact on the reliability of financial reporting. We determined their materiality of impact by considering both quantitative and qualitative aspects. The scope of our process-level assessment was determined based on the results of our assessment of company-level controls which included the Company, its 58 consolidated subsidiaries and one equity method affiliate. We excluded 56 consolidated subsidiaries from the scope of the company-level control assessment since their quantitative and qualitative impacts were deemed insignificant.

For the purpose of determining the scope of process-level controls assessment, we selected 16 consolidated subsidiaries as "Significant Business Locations," which contributed over two thirds of the Company's net sales on a consolidated basis for the fiscal year ended March 31, 2009. For the Significant Business Locations, we primarily included business processes related to sales, accounts receivable, and inventory in the scope of assessment as the aforementioned accounts were closely associated with the Company's business objectives. In addition, we included certain business processes as "business processes with a material impact on financial reporting". Such processes could have a high possibility of material misstatement and involve operations related to significant accounts that require estimates and management's judgment, or could include operations and business procedures which involve high-risk transactions.

Assessment Result

Based on the results of our assessment above, we concluded that the Company's internal control over financial reporting for the YKK Group as of March 31, 2009 was effective.

Outline of YKK Corporation

Founded :	January 1, 1934
Capital :	11,992,400,500 yen
Product Lines :	1) Fastening Products •Zip Fasteners •Snap Fasteners and Buttons •Textile and Plastic Products 2) Machinery for Fastening Products and Architectural Products
Head Office :	1, Kandaizumi-cho, Chiyoda-ku, Tokyo Tel : 03-3864-2045 Fax : 03-3866-5500
Kurobe Manufacturing Center :	200, Yoshida, Kurobe-city, Toyama Pref.

2009 Annual Report

YKK CORPORATION

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