2010
Annual Report

YKK CORPORATION

April 2009–March 2010

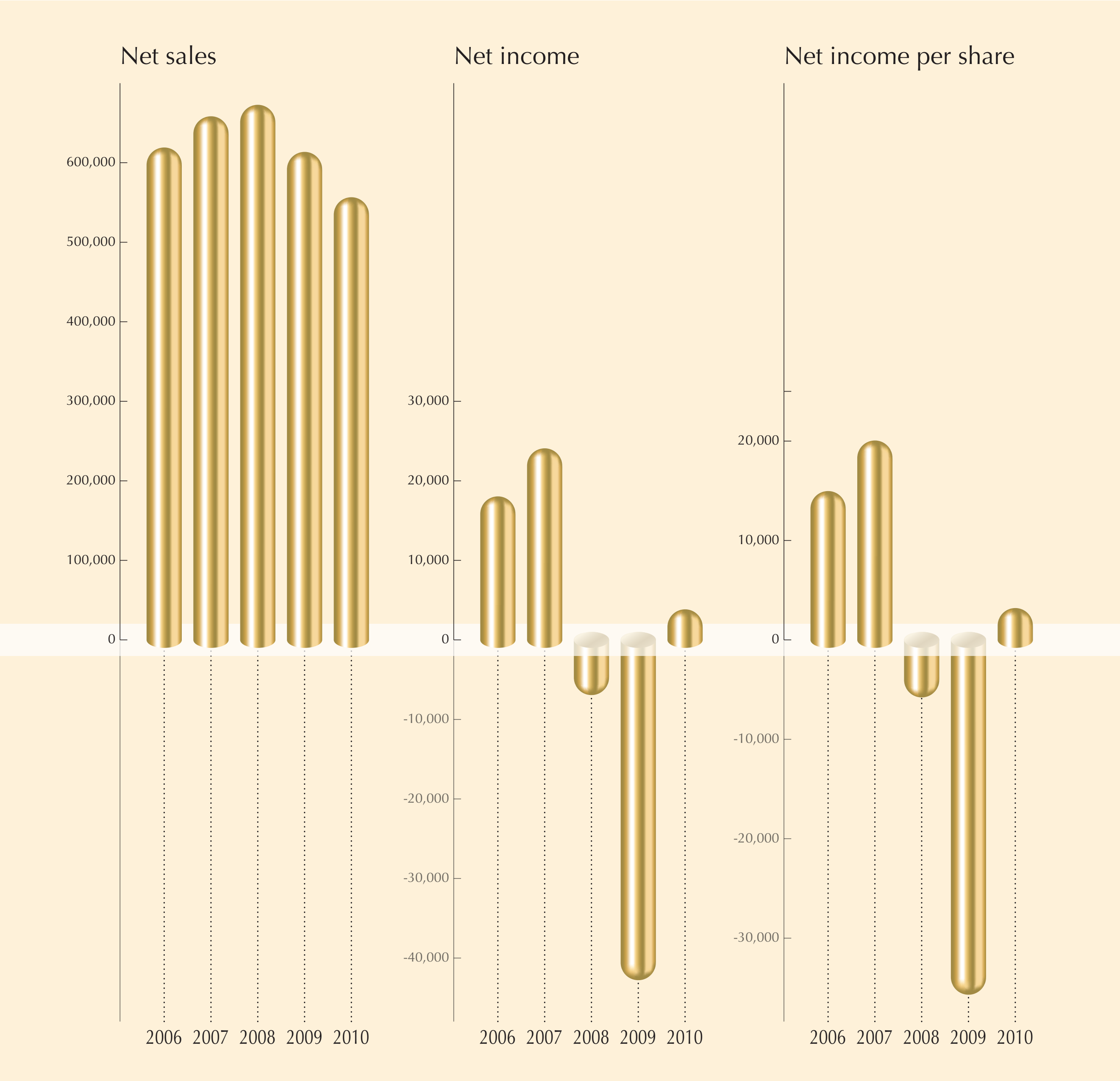
Contents

Financial Highlights

YKK Corporation and Consolidated Subsidiaries

Years ended March 31	**2010**	2009	**2010**
	Millions of yen		*Thousands of U.S. dollars*
Net sales	¥556,439	¥613,446	$5,983,215
Net income (loss)	3,828	(42,785)	41,161
	yen		*U.S. dollars*
Net income (loss) per share	¥ 3,192	¥ (35,681)	$ 34.32

Note:U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥93.00=U.S. $1.00.



Message From The President

The YKK Group positioned fiscal 2009 ending March 31, 2010, as the first year of its third mid-term management plan, and moved ahead toward the plan's goals of "Further Increasing Business Value" and "Enhancement of Brand Value by Brand Positioning."

When looking at the first year of the third mid-term management plan based on the YKK Group consolidated financial results for FY2009, we are acutely aware once again of the efforts to improve profitability on a group-wide basis, as well as in the Fastening Products Group and the Architectural Products Group, as our highest priority to achieve the targets in our mid-term management plan.

Establishing an earnings base is the biggest goal in the mid-term management plan, which started in FY2009, marking our first step toward the centennial anniversary of our founding. In conferences and through our internal publications, we have explained the following two points as the highest priorities toward the achievement of the plan.

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

In FY2009, we started a program to enhance YKK Group's technological development capabilities centered in Kurobe, while moving forward with structural reform focusing on establishment of new business models and reduction of fixed costs.

To further improve technological development capabilities, the Fastening Products Group reviewed product development functions for overseas markets and enhanced research and development (R&D) functions in each region. In the face of today's severe business climate, all our employees will pull together and make every effort to fulfill our goals and make FY2010 a productive year.

Next, I want to discuss the progress made by each group and our policies for FY2010.

< Fastening Products Group >

To achieve the mid-term strategy of "Contributing to Increase Consumer Product Value," we are acutely aware of the need to reinforce our business with stronger cost competitiveness, while improving product appeal through enhancement of advanced technologies. That move led to "Competing with excellent products and innovative technology."

We concentrated on enhancing our system for developing high-grade products with a central focus on Europe at the beginning of FY2009. However, with the changes in the current market structure, we have identified a joint approach in marketing, sales, development, and manufacturing, as the single biggest issue to increase cost competitiveness, with a focus on East Asia.

In FY2010, we will quickly execute structural reforms in consumer nations, and further strengthen our business expansion in the Asian market centered on China, where we expect continued growth, as a "Volume Zone".

< Architectural Products Group >

We recognize that the Group's highest priority is to work on a drastic domestic restructuring that will solidify our earnings base in response to the current business climate, and carry out our measures, which are front-loaded and added in "The Secondary Structural Reforms (Japan)" as the mid-term business strategy.

Lingang Factory of Shanghai YKK Zipper

Toward "Founding of Firm Basis for the Window Business," we launched a new product in the APW window category brand, APW330, as the Volume Zone product in FY2009. We have received greater-than-expected interest and favorable reviews, particularly from builders who value performance, function, and design, so we are continually looking at further expansion of sales in FY2010 and after.

The Overseas Architectural Products Group is concentrating on "Expanding Global Architectural Products Business" and will continue to cultivate business in existing markets and enhance our approach to growing markets around the world.

We are aiming for "Establishment of Global Facade Business" as a new business model, and will continue with this effort in FY2010 as well.

< Machinery and Engineering >

We have faced a very severe business climate. We had repeated discussions on what the Machinery and Engineering needs to do from the viewpoint of improving its technical capabilities. We are acutely aware once again that the mission of the Machinery and Engineering is to help create greater competitiveness for the Fastening Products Group and Architectural Products Group, not by extension of a conventional view, but after adding a new viewpoint. Taking this mission into account, based on the policy of "Enhance Technological Development Capabilities to Boost Group-wide Business Competitiveness," we will work to "further reduce product costs" and "speed up development" for the Fastening Products Group, and "enhancing cost competitiveness" and "establishing a window manufacturing base" for the Architectural Products Group.

FY2010 will be the second year of our third mid-term management plan. We expect to see a continued severe business climate in FY2010, but along with our employees, I will confront this crisis with a spirit of challenge and indomitable fighting spirit, and work with passion to overcome these difficulties.

We will transform the hardships our groups experienced last year into opportunities, position FY2010 as the key year for a leap forward, and make every effort to enhance "the value of our business and our brands."

Tadahiro Yoshida
President & CEO
YKK Corporation

Corporate Governance

(1) Status of Corporate Governance

The YKK Group (YKK Corporation and its affiliated companies) is based on 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 organs 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 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 Organs

YKK has adopted the corporate auditor system and implemented a structural reform of its management. As a result, a reform of board of directors was performed and the 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 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 the Company Group, the Board of Directors was restructured in June 2003, appointing executive vice presidents of YKK AP Inc., the Fastening Products 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 director and made him responsible for global management in six major geographical regions. It also appointed two outside directors 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, 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 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 a Director in charge of Annual Pension Policy after affirming.
- In April 2005, the Chief Financial Officer (CFO) and Chief Risk Management Officer (CRO) were appointed to further enhance consolidated management.
- On April 1, 2008, YKK Corporation formed the Directors' Secretariat for the Board of Directors to improve the mechanisms for delivering information 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 shareholders' meeting, 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 Officer System

While the YKK Group promotes its Global Business Management centering on Fastening Products and Architectural Products (its core businesses) and Machinery & Engineering (a function to support consist productions by the core businesses), it practices 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 Officers were newly appointed effective April 1 2004, from among the 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 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, ordinances, and the articles of incorporation.

- Directors strictly comply with the board of directors' regulations and regulations pertaining to performance of directors' duties for the execution of business and conduct appropriate operations based on the segregation of duties.
- A director in charge of compliance is assigned to develop the YKK Group compliance system. This director reports the development and conformity status of the compliance structure to the other directors and corporate auditors. Meanwhile the compliance system and director in charge of compliance were resolved at the Board of Directors in April 2006.
- Directors regularly take compliance training programs presented by lawyers, etc., from March 2006 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 execution of duties of directors.

- The maintenance period for important documents (including electronic records) is determined based on internal regulations such as document control regulations and confidential information control regulations, 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 proceedings, deliberation results, important statements, etc. in accordance with regulations applied to each meeting.

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

- In April 2005, a Chief Risk Management Officer (CRO) was appointed, and the Quality Control Committee, Trade Control Committee, Risk Management Committee, Confidential Information Control Committee, Committee for Technology Protection, and IT Security Committee were established, to promote the management of risks to which the YKK Group is exposed.
- 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 an organ to appropriately manage the investment risks to which the YKK Group is exposed. The CFO also developed and promoted internal control system over the financial reporting since April 2008.
- The Company is committed to addressing risks adequately and promptly in accordance with the Guidelines for Addressing Risks (developed in April 2005 and revised in March 2010).

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

- In June 1999 the 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. Officers execute individual businesses and operations with responsibility and authority in accordance with the policies determined at the Board of Directors.
- In July 2003 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 2007, the Environmental Policy Promotion Committee was established under the Management Strategy Meeting to determine the environmental policies of the YKK Group and monitor whether those policies are actually embodied in business operations.

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

- The Corporate Compliance Group was established under the Officer in charge of compliance, and develops a compliance system in cooperation with the outside compliance advisors. In accordance with the compliance system, the YKK Group,
  1. develops to improve awareness of employees on compliance by holding regular workshops for employees;
  2. develops a reporting and consultation system;
  3. establishes operation of Disciplinary Committees; and
  4. develops 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.
- The Office of Internal Auditing implements the internal audit for the perspectives of legitimacy and reasonability and reports the results to the President, executives and others from time to time.

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

- With Group 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 headquarter 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 board of directors 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 corporate auditors and their independence from the corporate auditors

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

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

- The main business operations and the status of the development and improvement of the internal control system shall be reported to corporate 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 corporate auditors.
- When material violations of laws and regulations are detected through the whistle-blowing system, the "Secretariat of YKK Group's Whistle-blowing System" will report the details of the report and the result of the investigation to the corporate auditors.

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

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

auditors of those subsidiaries. The corporate auditors and the internal audit departments of subsidiaries in and outside Japan are required to report to the corporate auditors of the YKK Corporation periodically upon the latter's 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 and corporate auditors

Compensation paid to directors and corporate auditors 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 and corporate auditors for the current fiscal year.

Classification	No. of persons	Amount of compensation paid		Abstract
		(in ¥ million)	(in US$ thousand)	(Notes)
Directors (Outside Directors)	10 (2)	281 (15)	3,022 (161)	1 and 2
Corporate Auditors (Outside Corporate Auditors)	4 (3)	35 (20)	376 (215)	1 and 2
Total (Outside Directors and Corporate Auditors)	14 (5)	317 (35)	3,409 (376)	

(Note)

1. The limit amount of compensation decided by the resolution of the annual shareholders' meeting is ¥30 million (US$323 thousand) per month for directors (including the adequate compensation of Officer's salary for directors when they also hold a post as an Officer) (resolved at the 70th annual shareholders' meeting held on June 29, 2005). Corporate auditors' monthly compensation is ¥4 million (US$43 thousand, resolved at the 61st annual general shareholders' meeting held on June 27, 1996).

2. The above amounts include ¥69 million (US$742 thousand) which was expensed as the retirement bonuses paid to executives and directors (including ¥2 million (US$22 thousand) for outside directors and ¥3 million (US$32 thousand) for outside corporate auditors).

4) Status of internal audit and audit by corporate auditors

(a) Audit by corporate auditors

- The number of corporate auditors is four while that of outside corporate auditors is three.
- Each corporate auditor complies with standards for the audit by corporate auditors set forth by the Board of corporate 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 corporate auditors strive to improve the efficiency and effectiveness of the audit practices of corporate auditors by receiving a report from the Office of Internal Auditing and risk management committees on the action plan and the implementation results of the internal audit.
- The corporate 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 four corporate 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 corporate auditors

The outside director Mr. Yukio Yanagida is the founding partner lawyer of Yanagida & Partners. The firm provides legal services to YKK Corporation, however, they are limited to routine, typical services. This does not mean that the outside director has a direct personal interest in the Company. In addition, there are no business relationships between the outside director Mr. Keinosuke Ono and the Company.
Outside corporate auditor Mr. Satoshi Kawai is a partner lawyer of Mori Hamada & Matsumoto. The firm provides

legal services to YKK Corporation, but they are limited to routine, typical services. This does not mean that the outside corporate auditor has a direct personal interest in the Company. The outside corporate auditor Mr. Hiroshi Akiyama is a partner lawyer of Yanagida & Partners. The firm provides legal services to YKK Corporation, but they are limited to routine, typical services. This does not mean that the outside corporate auditor has a direct personal interest in the Company. In addition, there are no business relationships between the outside corporate auditor Mr. Yoshio Osawa and the Company.

6) Status of accounting audits

Takenori Watanuki, Masaichi Nakamura, and Kiomi 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, 11 CPAs, 6 accountant assistants and other 19 staff members are engaged in the accounting auditing services for the Company.

7) Indemnification from liability of directors and corporate auditors

Pursuant to Article 426, Paragraph 1 of the Company Law, the Articles of Incorporation of YKK Corporation provides that any directors and corporate 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 corporate 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 shareholders' meeting

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 shareholders' meeting 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	731	–	–
Consolidated subsidiaries	23	247	–	–
Total	91	978	–	–

2) Other significant fees

The consolidated subsidiaries of the Company, including YKK Corporation of America and YKK U.S.A., have paid fees of ¥362 million (US$3,892 thousand) for audit and attest engagement and ¥48 million (US$516 thousand) for non-audit attest 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

N/A

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 2009 from April 1, 2009 to March 31, 2010.
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

(hereinafter called the "year-end") amounted to ¥689,593 million (US$7,415 million), a decrease of ¥16,293 million (US$175 million) or 2.3% compared to the end of the last fiscal year (hereinafter called the "previous year-end").
Current assets decreased by ¥5,852 million (US$63 million) or 1.7% to ¥333,614 million (US$3,587 million), while fixed assets decreased by ¥10,441 million (US$112 million) or 2.8% to ¥355,978 million (US$3,828 million). The primary factor behind the decrease in current assets was a decrease in the inventories attributable to the curtailments of stocks. Non-current assets decreased primarily because we were required to constrain the capital expenditures to address harsh economic conditions, and as a result the property, plant and equipment decreased by ¥13,223 million (US$142 million) or 4.5% compared to the previous year-end.
Total liabilities at the year-end were ¥289,726 million (US$3,115 million), a decrease of ¥31,464 million (US$338 million) or 9.8% from the previous year-end. Current liabilities at the year-end were ¥139,186 million (US$1,497 million), a decrease of ¥24,534 million (US$ 264 million) or 15% from the previous year-end. Non-current liabilities were ¥150,540 million (US$ 1,619 million), a decrease of ¥6,929 million (US$75 million) or 4.4% from the previous year-end.
The decrease in current liabilities mainly resulted from the repayment of short-term borrowings. The primary factors of decrease in non-current liabilities were the transfer of the current portion of corporate bonds into current liabilities.
Net assets at the year-end were ¥399,866 million (US$4,300 million), an increase of ¥15,171 million (US$163 million) or 3.9% compared to the previous year-end. This was mainly due to a ¥1,669 million (US$18 million) or 0.4% increase of shareholders' equity resulting from an increase of retained earnings, and a ¥12,868 million (US$138 million) increase in valuation and exchange differences resulting from an increase in the foreign currency translation adjustments (i.e., a decrease of the amount deducted) because of the weaker yen.
As a result, the shareholders' equity ratio increased from 53.4% to 56.7%, compared to the previous year-end. Net assets per share increased to ¥326,000 (US$3,505) from ¥314,000 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 ¥556,439 million (US$ 5,983 million), a decline of ¥57,007 million (US$613 million) or 9.3% compared to the previous consolidated fiscal year (hereinafter referred to as the "previous year") due to an economic recession. Though we implemented various measures to increase our income, the market demand was much weaker than expected. As a result, operating income decreased by ¥5,719 million (US$61 million) or 23.6% to ¥18,531 million (US$ 199 million). Ordinary income increased to ¥16,572 million (US$178 million), up by ¥710 million (US$8 million) or 4.5% from the previous year, mainly due to significantly reduced losses on foreign exchange translation compared to the previous year. The final result was a net profit of ¥3,828 million (US$41 million), an increase of ¥46,613 million (US$501 million) compared to the previous year. This positive year-on-year change was largely attributable to transient factors that weighed down accounts in the previous year, such as the recognition of an income tax adjustment of ¥40,168 million through a reversal of deferred tax assets and the recognition of ¥3,904 million in losses through the reorganization of manufacturing bases in the Architectural Products Group in Japan as extraordinary loss. As a result, the current net profit per share was ¥3,192 (US$34.32).

(3) Analysis of Cash Flows

Net cash provided by operating activities increased ¥2,563 million (US$28 million) to ¥68,431 million (US$736 million) compared to the previous year. This increase was mainly due to a ¥29,645 million (US$319 million) decrease in inventories versus a ¥9,024 million decrease in inventories in the previous year.

Net cash used in investing activities for the current period were ¥32,636 million (US$351 million), a decrease of ¥11,477 million (US$123 million) from the previous year. The decreases in the cash flows used for investing activities were mainly caused by a ¥11,099 million (US$ 119 million) decrease in expenditures for the acquisition of property, plant and equipment to ¥30,841 million (US$332 million) due to reduced capital investment.

Net cash used in financing activities totaled ¥21,795 million (US$234 million), an increase of ¥7,985 million (US$86 million) compared to the previous year. This was mainly due to corporate bond redemptions for the amount of ¥10,000 million (US$108 million).

As a result, cash and cash equivalents at the end of the fiscal 2009 came to ¥90,429 million (US$972 million), up by ¥15,857 million (US$171 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); ASEAN, Southern Asia and Oceania countries (ASAO); and East Asia. The R&D budget of the entire Group for the current consolidated fiscal year was ¥21,022 million (US$ 226 million).

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

(1) Fastening Products Group

In fiscal 2009, the Fastening Products Group was committed to a mid-term business plan of "competing with excellent products and innovative technology" and decided to focus on "business development tailored to individual categories of customers" and the "thorough pursuit of cost effectiveness." We aim to enhance product development and accelerate the restructuring of business in consuming regions (Japan, the US, and Europe) and to enhance cost competitiveness and promote product development optimized for fast fashion in producer regions such as Asia. In keeping with our slogan, "Bring joy through products, bring sensation through technologies," we aim to further enhance product values for customers.

The worldwide recession set off by the Lehman Shock in the second half of 2008 had a longer and wider impact than expected. A difficult operating environment continued through the year due to poor market conditions and consumers shifting to cheaper products, etc. Working within this harsh business climate, we recognized the need to respond more quickly to changes and focused on product development by maintaining our one-step-ahead technological superiority.

In zippers we have developed new plastic sliders, offered new structure detachable tab sliders of various sizes, developed a new type of large-size injection-molded zipper for fishing nets, and offered special specifications for renewed coil/injected zippers. In plastic products we have launched a range of new lightweight buckles and have continued to develop various products sufficiently responsive to the needs of customers. In snaps and buttons we have launched a new line of buttons mainly for jeans, developed molds for compact press machines, offered assembly machines and standard attaching machines, and reinforced product and machine lineups. Turning to TFM (Transportation Fastening Material), we have continued to develop products exclusively for the automotive market, launched invisible woven zippers for car seats and POWER HOOK® for seats, and developed products for new uses. These products are already successfully positioned with a growing market presence.

Product development and marketing to meet the demand specific to each type of customer are our most important tasks. For these purposes, we will develop high-grade metal zippers in Italy as part of our effort to enhance the local R&D structure and strengthen our presence in high fashion by developing products at locations nearer to customers. To "pursue cost competitiveness," we will proceed with a project to improve manufacturing technologies in China and maintain competitiveness in the growing Asian market. In anticipation of a possible slowdown of the Chinese economy, we will aim to create demand in markets in ASEAN and southern Asian countries by further improving the value of our products. Research and development costs related to this business stood at ¥8,865 million (US$95 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 the major accomplishments is an improvement of PLAMADO U, an add-on double-paned resin interior window eligible for "Housing Eco-points", which is an aid from government to those who build or remodel eco-friendly houses. To meet the growing remodel market, a new lineup of PLAMADO U, the first product of its type in industry, was developed for windows in bathrooms. The new products evolved by overcoming several weak points of earlier generations, e.g., they were often too susceptible to dampness and too deficient in strength to permit installation. Another innovation was the development of the "smart cover method," a new construction method for the replacement of external windows, an operation that previously required extensive work on exterior walls. The smart cover method allows construction from the inside and can be used for various types of windows. We also developed a new remodel sliding door, a product that can be installed in a short period of time without damaging the walls or floors of a building. For new constructions we developed the "Internal Operation Shutter," a manual shutter that can be opened and closed from the inside. The new manual shutters can be installed without any electrical work for windows such as double-hung windows and casement windows, which previously could only be fitted with electrical shutters. 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 ¥7,784 million (US$84 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 related to YKK's fastening facilities include the development of a manufacturing line with high production efficiency aimed to further reduce costs. In the architectural products business we promoted works to reinforce our competitiveness in costs and establish a production base for windows. 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 ¥3,144 million (US$34 million).

(4) The YKK Group

Our Research and Development Center has been researching metal or plastic materials and developing basic elemental technologies for processing those materials. Our goal, in doing so, is to contribute through research and development to the growth of the fastening and architectural products businesses as core businesses of the YKK Group, in parallel with our machinery and engineering businesses. The Center also assists business departments in accelerating product development and quality improvement through strength analysis using computer simulations, Kansei engineering assessments, and surface and compositional analyses.

In the process of research and development, the Center exchanges information with the technology department and strives to commercialize research results in cooperation with the business units. Research and development cost for the business stood at ¥1,227 million (US$13 million).

As part of the effort to further improve our technological capabilities, the material development function and analysis technology of Research and Development Center are to be integrated with the Machinery and Engineering Group from FY2010. In addition, an eco-friendly dyeing technology, a metal composition control technology, and super-precision cutting and grinding technologies are to be transferred to Fastening Products Group and Architectural Products Group for commercialization.

Consolidated Financial Review

The world economy fell by unprecedented levels over the current fiscal year due to the effects of the worldwide recession triggered by the failure of US financial institutions in September 2008. Though signs of moderate recovery were recognized, sluggish consumer consumption and significant cuts in capital expenditures continued to destabilize the economic environment. Business conditions were extremely challenging for our Group. For fastening products, market conditions remained poor overall, with an ongoing deflationary trend in consuming regions such as Japan, the US, and Europe, and falling exports to the consuming countries from producer countries in regions such as Asia. For architectural products, business was hindered by the substantial shrinkage of the domestic market due to declines in new housing.

Amidst these conditions, the Group commenced YKK group's Third Medium-term Management Plan (from FY2009 to FY2012) in the current fiscal year to establish a stable foundation of profitability. This plan sets "An 8% ratio of operating income to sales" as a managerial target and calls for measures to "Further enhancement of technological capabilities" and "Seeking to establish a structure that ensures profits even if net sales remain flat."

Consolidated net sales by segment were as follows:

Fastening Products Group (including intersegment sales):	¥249,345 million	(US$2,681 million)
Architectural Products Group (including intersegment sales):	¥301,915 million	(US$3,246 million)
Machinery and Engineering Group (including intersegment sales):	¥14,160 million	(US$ 152 million)
Others (including intersegment sales):	¥31,604 million	(US$ 340 million)
Elimination or Corporate:	(¥40,585 million)	(US$ 436 million)
Total net sales:	¥556,439 million	(US$5,983 million)

Total sales decreased by 9.3% compared to the previous fiscal year.

Faced with major changes in the business environment surrounding the fastening industry such as poor market conditions and a shift to lower-priced products during the worldwide recession of the current fiscal year, the Fastening Product Group focused its efforts on enhanced cost effectiveness. While inventory adjustments for apparel items were completed and signs of recovery were discernible in retail from about October 2009 onward (especially in the US), the strong yen continued to hamper performance and the losses from the first half of the year could not be recovered. As a result, net sales (including intersegment sales) decreased by 3.0% year-on-year.

Net sales (including intersegment sales) in the Architectural Products Group decreased by 13.6% compared to the previous year, mainly due to the plunging market (housing starts in Japan dropped to 775,000, or to 75% of the level recorded in the previous period).

Net sales (including intersegment sales) in the Machinery and Engineering Group decreased by 45.1% 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 9.8% compared to the previous year, mainly due to declines in sales because of price declines at an aluminum refining business and restrained levels of capital expenditure for businesses supplying facilities and equipment in Japan.

As a percentage of sales, our cost of sales was 67.9%, a decrease of 0.6 percentage points compared to the previous year. Further, selling, general, and administrative expenses were 28.7% of sales, a increase of 1.1 percentage points over the last year's percentage.

Overall, net income was ¥3,828 million (US$ 41 million), versus net loss ¥42,785 million for the previous year.

Net income per share was ¥3,192 (US$34.32), versus net loss per share ¥35,681 for the previous year.

The dividend per share was ¥1,800 (US$19.35).

Through the year ended March 31, 2009, fiscal year of the Group companies in Japan was April-March and fiscal year of the subsidiaries outside Japan was January-December. Commencing in the year ended in March 31, 2010, in order to better administer consolidated financial results, fiscal year of all Group companies is unified to April-March. As the first year of the fiscal year unification, 12 months figures from April, 2009 through March, 2010 are used for the Group companies in Japan, and 15 months figures from January, 2009 through March, 2010 are used for the subsidiaries outside Japan.
The effect of this change on the consolidated statement of income was to increase net sales by ¥49,926 million (US$ 536,839 thousand), operating income by ¥5,674 million (US$ 61,011 thousand), ordinary income by ¥5,331 million (US$ 57,323 thousand).

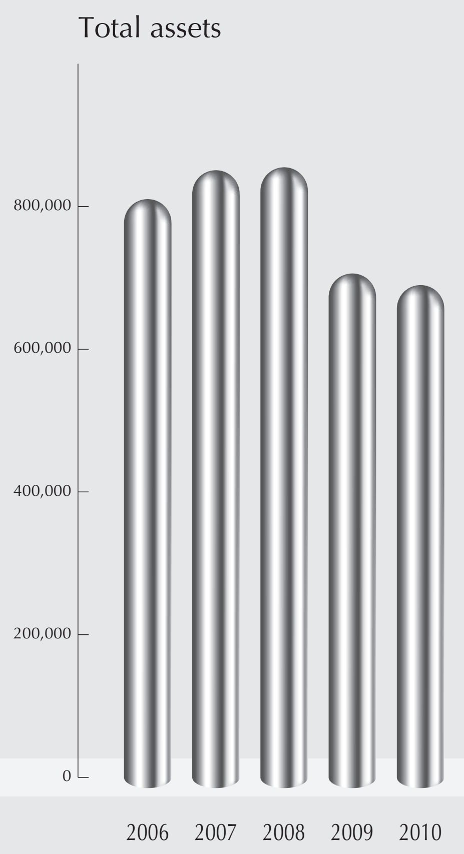
Five-Year Summary

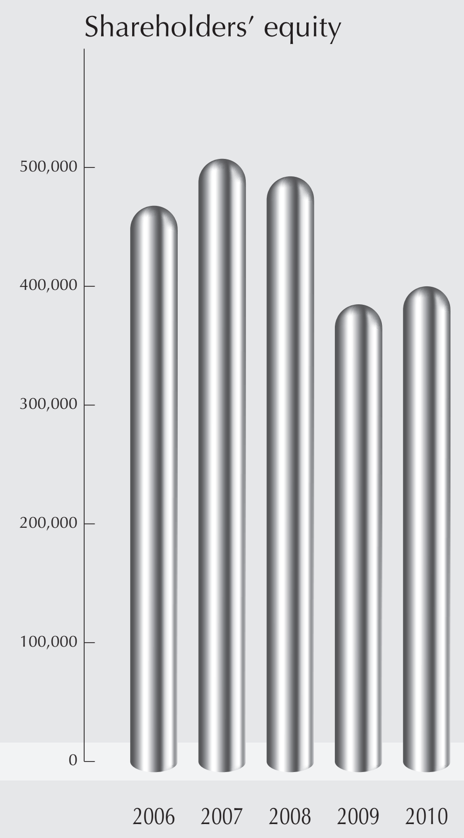
YKK Corporation and Consolidated Subsidiaries

Millions of yen and thousands of U.S. dollars except per share figures

Years ended March 31	**2010**	2009	2008	2007	2006	**2010**
For the Fiscal Year:						
Net sales	¥556,439	¥613,446	¥672,644	¥658,228	¥619,612	$5,983,215
Income before income taxes, minority interests, equity in earnings and translation adjustments	15,755	9,520	6,561	38,146	28,235	169,409
Income taxes	10,821	51,464	12,474	13,345	9,402	116,355
Net income (loss)	3,828	(42,785)	(6,925)	24,072	18,030	41,161
Per Share Data:						
Net income (loss)	¥ 3,192	¥ (35,681)	¥ (5,775)	¥ 20,074	¥ 14,959	$ 34.32
Cash dividends	1,800	1,800	2,200	2,200	2,000	19.35
At Year End:						
Total assets	¥689,593	¥705,886	¥854,694	¥850,558	¥810,070	$7,414,978
Shareholders' equity	399,866	384,695	492,424	507,210	467,391	4,299,634

Notes:(1) U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥93.00=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.
(4) For the year ended March 31, 2010, the results of operations for 90 consolidated subsidiaries outside Japan include 15 months (from January 1, 2009 to March 31, 2010) of operations due to unification of fiscal year-ends.





Consolidated Balance Sheets

YKK Corporation and Consolidated Subsidiaries

For the Years ended March 31, 2010 and 2009	*Millions of yen* 2010	2009	*Thousands of U.S. dollars (Note 3)* 2010
Assets			
Current assets :			
Cash and deposits *(Notes 5 and 16)*	¥ 83,955	¥ 76,916	$ 902,742
Notes and accounts receivable-trade *(Notes 5 and 8)*	126,077	123,894	1,355,667
Short-term investment securities *(Notes 5 and 6)*	13,480	3,372	144,946
Inventories *(Notes 4 and 8)*	96,963	123,117	1,042,613
Deferred tax assets *(Note 10)*	2,504	3,265	26,925
Other	13,872	11,914	149,161
Allowance for doubtful accounts	(3,238)	(3,013)	(34,817)
Total currrent assets	333,614	339,466	3,587,247
Non-current assets :			
Property, plant and equipment *(Notes 8, 13 and 20)* **:**			
Buildings and structures	341,927	340,118	3,676,634
Accumulated depreciation	(225,927)	(218,028)	(2,429,323)
Buildings and structures, net	115,999	122,089	1,247,301
Machinery, equipment and vehicles	444,388	440,856	4,778,366
Accumulated depreciation	(358,118)	(347,893)	(3,850,731)
Machinery, equipment and vehicles, net	86,270	92,963	927,634
Land	62,102	57,892	667,763
Construction in progress	3,484	6,217	37,462
Other	73,489	72,321	790,204
Accumulated depreciation	(62,839)	(59,754)	(675,688)
Other, net	10,650	12,567	114,516
Total property, plant and equipment	278,506	291,730	2,994,688
Intangible assets	11,988	10,409	128,903
Investments and other assets			
Investment securities *(Notes 5, 6, and 8)*	15,733	13,714	169,172
Long-term loans receivable *(Note 5)*	–	121	–
Deferred tax assets *(Note 10)*	6,908	8,890	74,280
Other	46,585	45,679	500,914
Allowance for doubtful accounts	(3,742)	(4,125)	(40,237)
Total investments and other assets	65,483	64,279	704,118
Total non-current assets	355,978	366,420	3,827,720
Total assets	¥689,593	¥705,886	$7,414,978

For the Years ended March 31, 2010 and 2009	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 3) 2010
Liabilities			
Current liabilities :			
Notes and accounts payable-trade *(Note 5)*	¥53,177	¥55,528	$571,796
Short-term loans payable *(Notes 5 and 8)*	7,052	18,556	75,828
Current portion of long-term loans payable *(Notes 5 and 8)*	–	77	–
Current portion of bonds payable *(Notes 5 and 8)*	10,000	10,000	107,527
Accrued income taxes *(Note 10)*	3,363	2,812	36,161
Deferred tax liabilities *(Note 10)*	270	209	2,903
Accrued bonuses	8,247	8,726	88,677
Accrued directors' bonuses	–	6	–
Deposits received from employees	31,140	32,795	334,839
Other	25,934	35,008	278,860
Total current liabilities	139,186	163,721	1,496,624
Long-term liabilities :			
Bonds payable *(Notes 5 and 8)*	19,995	29,994	215,000
Long-term loans payable *(Notes 5 and 8)*	2,170	1,254	23,333
Deferred tax liabilities *(Note 10)*	2,752	2,824	29,591
Accrued retirement benefits *(Note 9)*	89,839	90,446	966,011
Accrued directors' retirement benefits	1,224	1,082	13,161
Reserve for various competition-law-related expenses	24,729	24,767	265,903
Reserve for loss on restructuring	–	801	–
Other	9,828	6,298	105,677
Total long-term liabilities	150,540	157,469	1,618,710
Total liabilities	289,726	321,190	3,115,333
Net assets *(Note 11)* **:**			
Shareholders' equity			
Common stock	11,992	11,992	128,946
Capital surplus	34,938	34,938	375,677
Retained earnings	387,098	385,428	4,162,344
Treasury stock	(6)	(5)	(65)
Total shareholders' equity	434,023	432,353	4,666,914
Valuation and translation adjustments			
Unrealized holding gain on other securities, net	1,523	779	16,376
Unrealized gain (loss) on hedge transactions	27	(113)	290
Foreign currency translation adjustments	(44,250)	(56,235)	(475,806)
Total valuation and translation adjustments	(42,699)	(55,568)	(459,129)
Minority interests	8,543	7,910	91,860
Total net assets	399,866	384,695	4,299,634
Total liabilities and net assets	¥689,593	¥705,886	$7,414,978

Consolidated Statements of Operations

YKK Corporation and Consolidated Subsidiaries

For the Years ended March 31, 2010 and 2009	*Millions of yen* 2010	2009	*Thousands of U.S. dollars (Note 3)* 2010
Net sales	¥556,439	¥613,446	$5,983,215
Cost of sales *(Note 12)*	378,026	420,092	4,064,796
Gross profit	178,413	193,354	1,918,419
Selling, general and administrative expenses *(Note 12)*	159,881	169,102	1,719,151
Operating income	18,531	24,251	199,258
Non-operating income			
Interest income	1,139	1,811	12,247
Dividends income	270	393	2,903
Gain on sales of scraps	550	629	5,914
Subsidy income	876	–	9,419
Miscellaneous income	2,051	2,049	22,054
Total non-operating income	4,889	4,883	52,570
Non-operating expenses			
Interest expense	1,458	2,231	15,677
Compensation expense	848	–	9,118
Foreign exchange loss	1,353	7,380	14,548
Equity in losses of affiliates	–	23	–
Miscellaneous loss	3,189	3,637	34,290
Total non-operating expenses	6,848	13,273	73,634
Ordinary income	16,572	15,862	178,194
Extraordinary gains			
Reversal of allowance for doubtful accounts	193	259	2,075
Gain on sales of non-current assets	2,355	997	25,323
Gain on adjustment for changes of accounting standard for construction contracts	1,405	–	15,108
Other	644	150	6,925
Total extraordinary income	4,598	1,407	49,441
Extraordinary losses			
Loss on sales of non-current assets	383	199	4,118
Loss on retirement of non-current assets	1,590	778	17,097
Loss on impairment of non-current assets *(Note 20)*	1,222	–	13,140
Loss on restructuring *(Note 21)*	–	3,904	–
Business structure improvement expense	1,385	–	14,892
Other	832	2,866	8,946
Total extraordinary loss	5,415	7,748	58,226
Income before income taxes and minority interests	15,755	9,520	169,409
Income taxes-current	8,957	11,295	96,312
Income taxes-deferred	1,864	40,168	20,043
Total income taxes *(Note 10)*	10,821	51,464	116,355
Minority interests in income	1,105	842	11,882
Net income (loss)	¥ 3,828	¥ (42,785)	$ 41,161

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	Total shareholders' equity
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 :					
Cash dividends paid			(2,638)		(2,638)
Net loss			(42,785)		(42,785)
Purchase of treasury stock				(1)	(1)
Decrease of consolidated subsidiaries			7		7
Increase of consolidated subsidiaries			(10)		(10)
Net changes in items other than shareholders' equity					
Total changes	–	–	(45,426)	(1)	(45,427)
Balance as of March 31, 2009	¥11,992	¥34,938	¥385,428	¥(5)	¥432,353
Changes :					
Cash dividends paid			(2,158)		(2,158)
Net income			3,828		3,828
Purchase of treasury stock				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes	–	–	1,669	(0)	1,669
Balance as of March 31, 2010	¥11,992	¥34,938	¥387,098	¥(6)	¥434,023

Thousands of U.S. dollars (Note 3)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2009	$128,946	$375,677	$4,144,387	$(54)	$4,648,957
Changes :					
Cash dividends paid			(23,204)		(23,204)
Net income			41,161		41,161
Purchases of treasury stock				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes	–	–	17,946	(0)	17,946
Balance as of March 31, 2010	$128,946	$375,677	$4,162,344	$(65)	$4,666,914

See accompanying notes to consolidated financial statements.

Millions of yen

	Valuation and transaction adjustments: Unrealized holding gain on other securities, net	Unrealized gain (loss) on hedge transactions	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
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 :						
Cash dividends paid						(2,638)
Net loss						(42,785)
Purchase of treasury stock						(1)
Decrease of consolidated subsidiaries						7
Increase of consolidated subsidiaries						(10)
Net changes in items other than shareholders' equity	(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
Changes :						
Cash dividends paid						(2,158)
Net income						3,828
Purchase of treasury stock						(0)
Net changes in items other than shareholders' equity	743	140	11,984	12,868	633	13,502
Total changes	743	140	11,984	12,868	633	15,171
Balance as of March 31, 2010	¥1,523	¥ 27	¥(44,250)	¥(42,699)	¥8,543	¥399,866

Thousands of U.S. dollars (Note 3)

	Valuation and transaction adjustments: Unrealized holding gain on other securities, net	Unrealized gain (loss) on hedge transactions	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2009	$ 8,376	$(1,215)	$(604,677)	$(597,505)	$85,054	$4,136,505
Changes :						
Cash dividends paid						(23,204)
Net income						41,161
Purchases of treasury stock						(0)
Net changes in items other than shareholders' equity	7,989	1,505	128,860	138,366	6,806	145,183
Total changes	7,989	1,505	128,860	138,366	6,806	163,129
Balance as of March 31, 2010	$16,376	$ 290	$(475,806)	$(459,129)	$91,860	$4,299,634

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

YKK Corporation and Consolidated Subsidiaries

For the Years ended March 31, 2010 and 2009	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	**2010**
Cash flows from operating activities			
Income before income taxes and minority interests	¥15,755	¥9,520	$169,409
Depreciation and amortization	45,074	45,799	484,667
Loss on impairment of non-current assets (Note 20)	1,222	–	13,140
Amortization of goodwill	147	324	1,581
Increase (decrease) in allowance for doubtful accounts	(89)	49	(957)
Increase (decrease) in provision for retirement benefits	(689)	1,530	(7,409)
Interest and dividends income	(1,410)	(2,204)	(15,161)
Interest expenses	1,458	2,231	15,677
Equity in (earnings) losses of affiliates	(19)	23	(204)
Loss on retirement of property, plant and equipment	1,518	728	16,323
(Gain) loss on sales of property, plant and equipment	(2,007)	(798)	(21,581)
(Increase) decrease in notes and accounts receivable-trade	(803)	18,675	(8,634)
(Increase) decrease in inventories	29,645	9,024	318,763
Increase (decrease) in notes and accounts payable-trade	(2,729)	(13,207)	(29,344)
Loss on restructuring	–	3,904	–
Other	(11,129)	2,558	(119,667)
Subtotal	75,941	78,158	816,570
Interest and dividends income received	1,429	2,190	15,366
Interest expenses paid	(1,458)	(2,161)	(15,677)
Income taxes paid	(7,481)	(12,320)	(80,441)
Net cash provided by operating activities	68,431	65,867	735,817
Cash flows from investing activities			
(Increase) decrease in short-term loans receivable	54	(177)	581
Payments into time deposits	(7,883)	(3,455)	(84,763)
Proceeds from withdrawal of time deposits	5,711	3,613	61,409
Purchases of short-term investment securities	(117)	–	(1,258)
Proceeds from sales and redemption of securities	262	22	2,817
Purchases of property, plant and equipment	(30,841)	(41,941)	(331,624)
Proceeds from sales of property, plant and equipment	4,582	2,267	49,269
Purchases of intangible assets	(2,783)	(4,345)	(29,925)
Proceeds from sales of intangible assets	30	11	323
Purchases of investment securities	(2,181)	(106)	(23,452)
Proceeds from sales of investment securities	2,162	0	23,247
Purchases of additional investments in consolidated subsidiaries	(601)	(1)	(6,462)
Payments of long-term loans receivable	(1,030)	(3)	(11,075)
Collection of long-term loans receivable	0	1	0
Net cash used in investing activities	(32,636)	(44,114)	(350,925)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(9,955)	(8,770)	(107,043)
Repayments of finance lease obligations	(172)	(200)	(1,849)
Proceeds from long-term loans payable	1,013	1,606	10,892
Repayment of long-term loans payable	(179)	(2,859)	(1,925)
Redemption of bonds	(10,000)	–	(107,527)
Purchase of treasury stock	(0)	(1)	(0)
Cash dividends paid	(2,153)	(2,645)	(23,151)
Cash dividends paid to minority shareholders	(346)	(938)	(3,720)
Net cash used in financing activities	(21,795)	(13,809)	(234,355)
Effect of exchange rate changes on cash and cash equivalents	1,865	(10,556)	20,054
Net increase (decrease) in cash and cash equivalents	15,864	(2,612)	170,581
Cash and cash equivalents at beginning of year	74,571	77,166	801,839
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(27)	–
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(6)	44	(65)
Cash and cash equivalents at end of year *(Note 16)*	¥90,429	¥74,571	$972,355

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 and 2010 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 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 (IFRS).

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 supporting information. As permitted by the Financial Instruments and Exchange Law, amounts 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. Before the year ended March 31, 2009, in consolidation, the year-end financial statements of the subsidiaries, which had fiscal year-end different from the consolidated year-end of March 31, were used with the adjustments necessary in consolidation for material transactions that occur between the year-end of the above subsidiaries and the consolidated year-end. Commencing in the year ended March 31, 2010, in order to present accurate consolidated financial results, financial statements based on the provisional settlement of accounts implemented as of the consolidated closing date are being used for 43 foreign consolidated subsidiaries whose fiscal year-end is December 31, and the closing date for 47 foreign consolidated subsidiaries has been changed from December 31 to March 31, to agree to the consolidated closing date. Accordingly, the results of operations for 90 foreign consolidated subsidiaries include 15 months (from January 1, 2009 to March 31, 2010) of operations for the year ended March 31, 2010. All significant intercompany balances and transactions have been eliminated in consolidation.

The effect of this change on the consolidated statement of income was to increase net sales by ¥49,926 million (US$ 536,839 thousand), gross profit by ¥15,925 million (US$ 171,237 thousand), operating income by ¥5,674 million (US$ 61,011 thousand), ordinary income by ¥5,331 million (US$ 57,323 thousand), income before income taxes and minority interests by ¥5,269 million (US$ 56,656 thousand). Among these figures, the effect of the provisional settlement of accounts was to increase net sales by ¥23,535 million (US$ 253,065 thousand), gross profit by ¥5,910 million (US$ 63,548 thousand), operating income by ¥1,811 million (US$ 19,473 thousand), ordinary income by ¥1,800 million (US$ 19,355 thousand), income before income taxes and minority interests by ¥1,582 million (US$ 17,011 thousand). The effect on segment information is described in Note 17.

Affiliated 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 foreign 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 foreign 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 debt securities or other securities. Held-to-maturity debt 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, equipment and vehicles except for buildings acquired on or subsequent to April 1, 1998 on which depreciation is calculated by the straight-line method. Depreciation at the foreign 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.

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.

Accrued bonuses

Accrued bonuses of the Company and domestic consolidated subsidiaries have been provided based on the estimated amount of bonuses to be paid to employees which has been allocated to the current fiscal year.

Accrued directors' bonuses

Accrued directors' bonuses of the Company and certain domestic consolidated subsidiaries have been provided based on the estimated amount of bonuses to be paid to directors and corporate auditors which has been allocated to the current fiscal year.

Accrued retirement benefits

Accrued employees' retirement benefits 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 retirement benefits 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 retirement benefits 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 19 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 retirement benefits plans. Accrued retirement benefits 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 General Court (formerly known as 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.

Sales recognition

The construction contracts have been accounted based on the percentage of completion method, if the outcome of the construction contracts can be estimated reliably (the percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost). The completed contract method has been applied to account for other construction contracts.

Hedge accounting

1) Hedge accounting
   Deferral hedge accounting is adopted, in principle. Foreign exchange contracts are subject to appropriation if they satisfy the requirements for appropriation treatment. For interest rate swaps, preferential treatment is applied if the swaps satisfy the requirements for preferential treatment.
2) Hedging instruments and hedged items
   a) Hedging instruments…..Forward foreign exchange contracts, foreign currency options
      Hedged items…………Receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currencies.
   b) Hedging instruments…..Interest rate swaps
      Hedged items…………..Loans payable
3) Hedging policy
   Foreign exchange and interest fluctuation risks are hedged in accordance with the Company's internal policies.
4) Assessment of hedge effectiveness
   Hedge effectiveness is assessed based on both the cumulative change in cash flows for hedged items, or the change in market value, and the cumulative change in cash flows for hedging instruments, or the change in market value every 6 month(semi-annually).
   Forward foreign exchange contracts and interest rate swaps, which are subject to appropriation or preferential treatment, are excluded from the assessment of hedge effectiveness.

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

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.

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. Changes in Methods of Accounting

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 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 17.

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.

Application of "Accounting Standard for Construction Contracts"

Until the fiscal year ended March 31, 2009, revenues of construction contracts were recognized by the completed contract method. However, effective the fiscal year beginning April 1, 2009, the Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Construction Contracts" (the ASBJ Statement No. 15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (the ASBJ Guidance No. 18, issued on December 27, 2007).

The construction contracts existed on April 1, 2009 and contracts initiated thereafter have been accounted for based on the percentage of completion method, if the outcome of the construction contracts can be estimated reliably (the percentage of completion shall be estimated based on the cost method). The completed contract method has been applied to account for other construction contracts.

As a result of the change of method, net sales decreased by ¥1,374 million (US$ 14,774 thousand), operating income and ordinary income decreased by ¥88 million (US$ 946 thousand), and income before income taxes and minority interests increased by ¥1,316 million (US$ 14,151 thousand). The effect on segment information is described in Note 17.

Application of "Partial Amendment to Accounting Standard for Retirement Benefit (Part 3)"

Effective from the fiscal year ended March 31, 2010, "Partial Amendment to Accounting Standard for Retirement Benefit (Part3)" (the ASBJ Statement No. 19, issued on July 31, 2008) has been adopted. The adoption of this Standard does not affect unrecognized net actuarial gains (losses), and the consolidated financial statements.

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 ¥93.00 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2010. 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, 2010 and 2009 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
March 31	**2010**	2009	**2010**
Finished products	¥ 24,539	¥ 27,893	$ 263,860
Work in process	38,744	56,201	416,602
Raw materials and supplies	33,679	39,022	362,140
	¥ 96,963	¥123,117	$1,042,613

5. Financial Instruments

1. Disclosure on financial instruments

Effective the fiscal year beginning April 1, 2009, the Company and its consolidated subsidiaries have adopted "Accounting Standard for Financial Instruments" (the ASBJ Statement No. 10, issued on March 10, 2008) and "Guidance on Disclosure about Fair Value of Financial Instruments" (the ASBJ Guidance No. 19, issued on March 10, 2008).

For the year ended March 31, 2010

(1) Policy on financial instruments

The Company and its affiliated companies have been financing for operations, manufacturing, and marketing of the Fastening Products Group, Architectural Products Group, and Machinery & Engineering Group by corporate bonds and bank loans. Temporary surplus has been invested in low-risk financial instruments. Short-term working capital has been financed by commercial papers and bank loans. Derivatives contracts have been entered into in accordance with the Company's basic policy that derivative products are used solely for the hedging of foreign exchange fluctuation risks and interest rate fluctuation risks. No derivatives contracts have been held for speculative investment purposes.

(2) Types of financial instruments and related risks

Notes and accounts receivables-trade are exposed to the credit risks of customers. Although foreign-currency-denominated trade receivables arising from global operations are exposed to the risk of foreign currency exchange rate fluctuation, this risk is hedged, in principle, by entry into relevant forward contracts. Investment securities consist of bonds held to maturity and shares held for the purpose of strengthening business relationships with customers, suppliers and providers, and are exposed to the risk of changes in market prices.

Notes and accounts payable-trade is mostly paid within one year. Though some of them are denominated in foreign currencies arose from importing materials from foreign countries and exposed to the risk of exchange rate fluctuation. In principle, they are hedged by entry into forward contracts. Loan payable and bond payable are used mainly for capital expenditures for operational purposes. The redemption date falls no later than 7 years after the reporting date. Loans and borrowings are made at variable interest rate and exposed to the fluctuation risks of interest rates. Some are hedged by interest rate swaps. Derivatives contracts include forward contracts, currency swaps, and interest rate swaps. The Company enters into derivatives contracts on interest rates to eliminate and reduce interest rate risk. The Company also enters into derivatives on currencies to eliminate and reduce foreign exchange risk. Derivatives contracts, such as forward contracts, currency swaps, and interest rate swaps, are exposed to market risks arising from the fluctuation of foreign exchange rates and interest rates. The risk associated with these contracts is immaterial since they are entered into to eliminate any risks to assets and liabilities in the consolidated balance sheets. The Company has applied hedge accounting as described in "Derivative financial instruments" of the previous section, "Summary of Significant Accounting Policies."

(3) Risk management related to financial instruments

① Credit risk management (risks related to possible defaults of customers, suppliers, and providers)

The Company's departments responsible for monitoring the status of trade receivables at individual business divisions periodically monitor the credit status of major customers, suppliers, and providers, manage the payments and balances outstanding in accordance with the "Guidelines on Management of Receivables," to mitigate and identify any concerns over potential defaults due to deterioration of financial conditions far in advance as possible. The same management approach has been applied to its consolidated subsidiaries in accordance with the guidelines of the Company.

Held-to-maturity debt securities are limited to high credit rated bonds in accordance with "Guidelines on Management of Fund Appropriation," and the credit risks arising from them are therefore immaterial.

Counterparties of derivatives contracts are limited to financial institutions with high credit ratings, and the likelihood of facing credit risks arising from their failures to fulfill the contracts is considered to be remote.

The maximum exposure to credit risks is calculated in the valuation of financial assets as of the consolidated balance sheets date for the current term.

② Market risks management (fluctuation risk of foreign exchange rates, interest rates, etc.)

The Company and some of its consolidated subsidiaries, in principle, enter into forward contracts to hedge foreign-currency-denominated trade receivables and payables exposed to the fluctuation risks of foreign exchange rates. Moreover, analyzing the fluctuations of foreign exchange rates, they may enter into forward contracts for any foreign-currency-denominated trade receivables certain to arise from forecast transactions up to a maximum period of one year. The Company and some of its consolidated subsidiaries also enter into interest rate swaps to constrain the interest rate fluctuation risk of payments on borrowings.

With regard to investment securities, the Company periodically analyzes their fair values, assesses the financial conditions of their issuers (companies with which the Company enters into transactions), and consistently reviews the holding status in consideration of business relations with customers, suppliers, and providers (except for bonds held to maturity).

The treasury department of the Company enters into and manages derivatives contracts, while relevant management departments at other affiliated companies enter into and manage derivatives contracts pursuant to their internal rules. The Company consults with the relevant business department in advance on the execution of some forward contracts related to business transactions.

③ Management of liquidity risks (risk that the Company is unable to make repayments on due date)

The Company manages any liquidity risks, as the treasury department prepares and updates cash flow schedules on a timely basis.

(4) Supplementary information on the fair values, etc. of financial instruments

The fair values of financial instruments include values determined based on the observable market prices and values reasonably calculated in the absence of any observable market prices. The calculated values reflect any factors that may fluctuate, and they may vary when different assumptions are applied. The fair values or valuation gains and losses related to derivatives contracts in Note 7 represent the values determined to be generally acceptable based on the market as of the end of the period, and they do not relate to any actual amounts to be paid or received in the future. The nominal principals are the contractual amounts in the swap contracts and do not directly indicate any risks of derivatives contracts.

2. Disclosure on the fair values, etc. of financial instruments

The following table summarizes the stated in the consolidated balance sheets and the fair value of financial instruments as of March 31, 2010 together with their differences. Certain items for which fair value is extremely difficult to determine are not included in the following table (see (4) of Note 6).

	Millions of yen			Thousands of U.S. dollars		
*As of March 31, **2010***	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and deposits	¥ 83,955	¥ 83,955	¥ –	$ 902,742	$ 902,742	$ –
Notes and accounts receivable-trade	126,077	126,077	–	1,355,667	1,355,667	–
Investment securities						
Held-to-maturity debt securities	3,058	3,058	0	32,882	32,882	0
Other securities	19,531	19,531	–	210,011	210,011	–
Total	232,621	232,621	0	2,501,301	2,501,301	0
Notes and accounts payable-trade	53,177	53,177	–	571,796	571,796	–
Short-term loans payable	7,052	7,052	–	75,828	75,828	–
Bonds payable	29,995	30,637	642	322,527	329,430	6,903
Long-term loans payable	2,170	2,186	16	23,333	23,505	172
Total	92,394	93,052	658	993,484	1,000,559	7,075
Derivatives						
Derivatives contracts to which hedge accounting does not apply	(215)	(215)	–	(2,312)	(2,312)	–
Derivatives contracts to which hedge accounting applies	52	52	–	559	559	–
Total	¥ (163)	¥ (163)	¥ –	$ (1,753)	$ (1,753)	$ –

(*) Net receivables and liabilities arising from derivatives contracts are presented on a net basis, and any items classified into net liabilities in total are presented in ( ).

(1) Methods to determine the fair values of financial instruments and other matters related to securities and derivative transactions are as follows and as indicated in each note:

Assets

1) Cash and deposits and 2) Notes and accounts receivable-trade

Because they are settled in a short term and almost equivalent to the carrying value, the fair values are represented by the carrying values.

3) Investment securities

These fair values of equities are determined based on observable prices quoted on stock exchanges and those of bonds are based on prices quoted on stock exchanges or prices indicated by trading financial institutions.

Please refer to Note 6 for the disclosures on securities categorized by the purpose of holding.

Liabilities

1) Notes and accounts payable-trade, and 2) Short-term loans payable

Because they are settled in a short term and almost equivalent to the carrying value, the fair values are represented by the carrying values.

3) Bonds payables

The fair value of bonds payables is determined based on the market values.

4) Long-term loans payable

The fair value is determined based on the present value derived by discounting the total of principal and interest amounts by the expected interest rate applicable to new similar loan payables.

Derivatives

Please refer to Note 7 for disclosures on derivatives.

(2) Financial instruments whose fair values are extremely difficult to determine:

As of March 31, **2010**	*Millions of yen*	*Thousands of U.S. dollars*
		Carrying value
Unlisted stocks	¥6,604	$71,011
Other	18	194
Total	¥6,623	$71,215

With regard to these financial instruments, there are no observable market prices and the estimate of future cash flows is likely to require undue and excessive costs. These instruments are therefore considered to be financial instruments whose fair values are extremely difficult to determine, and are not included in "(2) of Note 6, Marketable securities-other:"

(3) Expected redemption amounts of monetary receivables and securities with maturities after March 31, 2010:

	Millions of yen		*Thousands of U.S. dollars*	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Deposits	¥ 83,955	¥–	$ 902,742	$ –
Notes and accounts receivables-trade	126,077	–	1,355,667	–
Investment securities				
Held-to-maturity debt securities				
1) Government bonds	–	2	–	22
2) Corporate bonds	46	1	495	11
3) Other	3,009	–	32,355	–
Total	¥213,087	¥3	$2,291,258	$32

**Cash amount is included above.*

6. Securities

Marketable securities classified as held-to maturity debt securities and other securities at March 31, 2010 and 2009 were as follows:

(1) Marketable held-to maturity debt securities

March 31, **2010**	*Millions of yen*			*Thousands of U.S. dollars*		
	Carrying value	Fair value	Unrecognized gain	Carrying value	Fair value	Unrecognized gain
Securities whose fair value exceeds their carrying value:						
Government bonds	¥ –	¥ –	¥–	$ –	$ –	$–
Corporate bonds	–	–	–	–	–	–
Other	9	9	0	97	97	0
Subtotal	9	9	0	97	97	0
Securities whose fair value does not exceed their carrying value:						
Government bonds	2	2	–	22	22	–
Corporate bonds	47	47	–	505	505	–
Other	2,999	2,999	–	32,247	32,247	–
Subtotal	3,049	3,049	–	32,785	32,785	–
Total	¥3,058	¥3,058	¥0	$32,882	$32,882	$0

March 31, **2009**	Carrying value	Fair value	Unrecognized gain
			Millions of yen
Securities whose fair value exceeds their carrying value:			
Government bonds	¥ 31	¥ 32	¥0
Other	77	79	2
Subtotal	109	111	2
Securities whose fair value does not exceed their carrying value:			
Government bonds	1	1	–
Corporate bonds	0	0	–
Subtotal	2	2	–
Total	¥111	¥114	¥2

(2) Marketable securities-other:

March 31, **2010**	Acquisition cost	Carrying value	Unrecognized gain (loss)	Acquisition cost	Carrying value	Unrecognized gain (loss)
			Millions of yen			*Thousands of U.S. dollars*
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥ 5,446	¥ 8,112	¥2,665	$ 58,559	$ 87,226	$28,656
Other receivables	–	–	–	–	–	–
Other	880	952	72	9,462	10,237	774
Subtotal	6,326	9,064	2,738	68,022	97,462	29,441
Securities whose carrying value does not exceed their acquisition cost:						
Stocks	53	30	(23)	570	323	(247)
Other receivables	10,000	10,000	–	107,527	107,527	–
Other	439	436	(2)	4,720	4,688	(22)
Subtotal	10,492	10,467	(25)	112,817	112,548	(269)
Total	¥16,819	¥19,531	¥2,712	$180,849	$210,011	$29,161

March 31, **2009**	Acquisition cost	Carrying value	Unrecognized gain (loss)
			Millions of yen
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥3,361	¥5,203	¥1,842
Other	4	7	2
Subtotal	3,365	5,210	1,845
Securities whose carrying value does not exceed their acquisition cost:			
Stocks	2,140	1,766	(373)
Other	561	558	(2)
Subtotal	2,701	2,325	(376)
Total	¥6,067	¥7,536	¥1,469

(3) Held-to-maturity debt securities and other securities which were sold during the years ending March 31, 2010 and 2009:

The gains (losses) on sales of held-to-maturity debt securities and other securities are omitted because the amount is insignificant.

(4) Non-marketable securities classified as other securities at March 31, 2009 was as follows:

March 31, **2009**	Carrying value
	Millions of yen
Unlisted stocks	¥5,552
Other	3,285

7. Derivatives

As of March 31, 2010

① Derivatives contracts to which a hedge accounting does not apply.

The following table summarizes the contract amount, the estimated fair value, unrealized gains (losses), and the method to determine the fair value of the contracts to which a hedge accounting does not apply as of March 31, 2010.

(a) Currency related transactions

	Millions of yen			*Thousands of U.S. dollars*		
*March 31, **2010***	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell : U.S.$	¥4,340	¥4,380	¥ (40)	$46,667	$47,097	$ (430)
Buy: U.S.$	15	15	0	161	161	0
Euro	269	219	(50)	2,892	2,355	(538)
Currency swaps						
U.S.$ / received;						
JPY / paid,	89	(15)	(15)	957	(161)	(161)
Total	–	–	¥(106)	–	–	$(1,140)

**1 The fair values are determined based on the forward contract rate.*

(b) Interest rate related transactions

	Millions of yen			*Thousands of U.S. dollars*		
*March 31, **2010***	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)
Interest rate swap contracts:						
Floating / received; fixed / paid,	¥1,454	¥(109)	¥(109)	$15,634	$(1,172)	$(1,172)
Total	¥1,454	¥(109)	¥(109)	$15,634	$(1,172)	$(1,172)

**1 The fair values are determined based on the prices indicated by trading financial institutions.*

② Derivatives contracts to which a hedge accounting applies

The following table summarizes the contract amount and the estimated fair value, and the method to determine the fair value of the contracts to which a hedge accounting applies as of March 31, 2010:

	Millions of yen		*Thousands of U.S. dollars*	
*March 31, **2010***	Contract amount	Estimated fair value	Contract amount	Estimated fair value
Forward foreign exchange contracts:				
Sell: U.S.$	¥ 93	¥ 97	$ 1,000	$ 1,043
Buy: U.S.$	6,279	6,335	67,516	68,118
Total	–	–	–	–

**1 The fair values are determined based on the prices indicated by trading financial institutions.*
**2 Deferral hedge is used as a method of hedge accounting.*

As of March 31, 2009

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.

(a) Currency related transactions

March 31, **2009**	Contract amount	Estimated fair value	Unrealized gain (loss)
	Millions of yen		
Forward foreign exchange contracts:			
Sell : U.S.$	¥2,275	¥2,279	¥ (3)
Buy: JPY	3,405	3,666	(259)
Euro	225	215	(9)
Currency swaps			
U.S.$ / received;			
JPY / paid,	427	(84)	(84)
Total	–	–	¥(357)

**1 The fair values are determined based on the forward contract rate.*

(b) Interest rate related transactions

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

**1 The fair values are determined based on the prices indicated by trading financial institutions.*

8. Short-Term Borrowings and Long-Term Debt

Short-term borrowings payable at March 31, 2010 and 2009 consisted principally of unsecured loans maturing within 365 days, at average interest rates of 1.70% (3.30% in 2009).

Long-term debt at March 31, 2010 and 2009 was as follows:

March 31	*Millions of yen* **2010**	2009	*Thousands of U.S. dollars* **2010**
0.39% unsecured notes due 2010	¥ –	¥ 10,000	$ –
1.02% unsecured notes due 2011	10,000	10,000	107,527
1.69% unsecured notes due 2013	10,000	10,000	107,527
1.83% unsecured notes due 2017	9,995	9,994	107,473
Long-term loans, principally from banks and insurance companies, due from 2010 to 2017*:			
Current portion (Average interest rate of 1.4%)	45	77	484
Excluding current portion (Average interest rate of 1.2%)	2,170	1,254	23,333
	32,211	41,326	346,355
Lease payments			
Current portion (Average interest rate of 1.8%)	224	141	2,409
Excluding current portion (Average interest rate of 1.5%)	401	289	4,312
Less: Current portion	10,269	10,219	110,419
	¥22,567	¥31,538	$242,656

** Among long-term loans, ¥181 million ($1,946 thousand) and ¥229 million at March 31, 2010 and 2009, respectively, are secured.*

Assets pledged as collateral for short-term and long-term loans totaled ¥181 million ($1,946 thousand) and ¥252 million at March 31, 2010 and 2009, respectively, and are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2010**	2009	**2010**
Notes and accounts receivable-trade	¥304	¥370	$3,269
Inventories	–	29	–
Property, plant and equipment	303	212	3,258
Investment securities	277	208	2,978
	¥885	¥819	$9,516

The aggregate annual maturities of long-term debt outstanding at March 31, 2010 are summarized as follows:

Year ended March 31	Millions of yen	Thousands of U.S. dollars
2011	¥10,269	$110,419
2012	1,274	13,699
2013	11,140	119,785
2014	81	871
2015	46	495
2016 and thereafter	10,024	107,785
	¥32,837	$353,086

9. Accrued Retirement Benefits

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 foreign 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, 2010 and 2009 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
March 31	**2010**	2009	**2010**
Projected benefit obligation	¥(215,504)	¥(197,552)	$(2,317,247)
Plan assets at fair value	85,119	76,145	915,258
Funded status	(130,384)	(121,407)	(1,401,978)
Unrecognized actuarial gain or loss	40,814	32,018	438,860
Unrecognized prior service cost	2,775	3,046	29,839
Net retirement benefit obligation	(86,794)	(86,342)	(933,269)
Prepaid pension cost	3,044	4,103	32,731
Accrued retirement benefit	¥ (89,839)	¥ (90,446)	$ (966,011)

The components of retirement benefit expenses for the years ended March 31, 2010 and 2009 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2010**	2009	**2010**
Service cost	¥ 8,820	¥ 8,575	$ 94,839
Interest cost	5,829	5,930	62,677
Expected return on plan assets	(2,270)	(2,719)	(24,409)
Amortization of unrecognized actuarial gain or loss	3,166	2,538	34,043
Amortization of prior service cost	298	138	3,204
Net retirement benefit expenses	¥15,844	¥14,463	$170,366

The assumptions used in the actuarial calculations for the above plans for the years ended March 31, 2010 and 2009 were as follows:

Year ended March 31	**2010**	2009
Discount rates	2.5-12.0% per annum	3.0-12.0% per annum
Expected rates of return on plan assets	2.8-8.0% per annum	3.0-8.0% per annum

10. 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, 2010 and 2009. Income taxes of foreign 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, 2010 and 2009 differed from the statutory tax rate for the following reasons:

Year ended March 31	**2010**	2009
Statutory tax rate	40.0%	40.0%
Effect of:		
Different tax rates applied to foreign consolidated subsidiaries	(23.1)	(30.1)
Decrease in valuation allowance	20.9	453.3
Income taxes outside Japan	6.9	–
Elimination of dividend income from foreign consolidated subsidiaries	17.5	–
Tax effect of eliminating intercompany items other than dividend income	–	20.5
Permanent differences	(5.1)	–
Dividend income not deductible for income tax purposes	–	60.9
Tax effect of retained earnings of foreign consolidated subsidiaries	–	(21.1)
Tax credit	(7.4)	–
Other, net	19.0	17.1
Effective tax rates	68.7%	540.5%

The significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
March 31	**2010**	2009	**2010**
Deferred tax assets:			
Accrued retirement benefits	¥ 33,852	¥26,334	$ 364,000
Accrued bonuses	3,087	2,363	33,194
Unrealized profit	3,932	5,993	42,280
Net operating loss carry forwards	10,841	8,218	116,570
Other	14,154	9,166	152,194
Gross deferred tax assets	65,869	52,076	708,269
Less: Valuation allowance	(53,323)	(38,236)	(573,366)
Total deferred tax assets	12,545	13,840	134,892
Deferred tax liabilities:			
Depreciation and amortization	(228)	(2,314)	(2,452)
Unrealized holding gains on other securities, net	(1,091)	(602)	(11,731)
Other	(4,836)	(1,799)	(52,000)
Total deferred tax liabilities	(6,156)	(4,717)	(66,194)
Net deferred tax assets	¥ 6,389	¥ 9,123	$ 68,699

11. 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.

12. 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, 2010 and 2009 totaled ¥21,022 million ($226,043 thousand) and ¥22,390 million, respectively.

13. 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, 2010 and 2009, 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

	2010			2009		
March 31	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥ 2	¥ 1	¥ 0	¥ 634	¥ 392	¥241
Machinery, equipment and vehicles	119	106	13	140	104	36
Other tangible non-current assets	748	529	218	1,088	650	438
Other intangible non-current assets	3	2	1	24	19	4
Total	¥873	¥640	¥233	¥1,887	¥1,166	¥721

Thousands of U.S. dollars

	2010		
March 31	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	$ 22	$ 11	$ 0
Machinery, equipment and vehicles	1,280	1,140	140
Other tangible non-current assets	8,043	5,688	2,344
Other intangible non-current assets	32	22	11
Total	$9,387	$6,882	$2,505

Lease payments relating to finance leases accounted for as operating leases amounted to ¥236 million ($2,538 thousand) and ¥438 million for the years ended March 31, 2010 and 2009, respectively. Depreciation of the leased assets is calculated by the straight-line method over the respective lease terms and amounted to ¥236 million ($2,538 thousand) and ¥438 million for the years ended March 31, 2010 and 2009, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2010 for finance lease transactions accounted for as operating leases are summarized as follows:

Year ended March 31	*Millions of yen*	*Thousands of U.S. dollars*
2011	¥145	$1,559
2012 and thereafter	87	935
Total	¥233	$2,505

The minimum rental payments subsequent to March 31, 2010 for operating leases with noncancelable lease terms in excess of one year are summarized as follows:

Year ended March 31	*Millions of yen*	*Thousands of U.S. dollars*
2011	¥ 909	$ 9,774
2012 and thereafter	2,222	23,892
Total	¥3,131	$33,667

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, 2010 and 2009:

Millions of yen

	2010			2009		
March 31	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥119	¥3	¥116	¥194	¥47	¥146
Intangible assets	57	1	55	92	22	70
Total	¥177	¥5	¥171	¥287	¥70	¥217

Thousands of U.S. dollars

	2010		
March 31	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	$1,280	$32	$1,247
Intangible assets	613	11	591
Total	$1,903	$54	$1,839

Lease income relating to finance leases accounted for as operating leases amounted to ¥381 million ($4,097 thousand) and ¥388 million for the years ended March 31, 2010 and 2009, respectively. Depreciation of the leased assets amounted to ¥49 million ($527 thousand) and ¥43 million for the years ended March 31, 2010 and 2009, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2010 for finance lease transactions accounted for as operating leases is summarized as follows:

Year ended March 31	*Millions of yen*	*Thousands of U.S. dollars*
2011	¥ 84	$ 903
2012 and thereafter	86	925
Total	¥171	$1,839

14. Contingent Liabilities

Contingent liabilities at March 31, 2010 and 2009 for notes discounted and guarantees given in the ordinary course of business amounted to approximately ¥270 million ($2,903 thousand) and ¥312 million, respectively, including ¥270 million ($2,903 thousand) and ¥310 million, respectively, for loans guaranteed on behalf of employees and certain suppliers.

15. Amounts Per Share

Basic net profit (loss) per share has been computed based on the net profit (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 profit (loss) per share has not been presented for the years ended March 31, 2010 and 2009 since neither the Company nor any of the consolidated subsidiaries had potentially dilutive shares of common stock in issue at March 31, 2010 and 2009.

	yen		*U.S. dollars*
Year ended March 31	**2010**	2009	**2010**
Net profit (loss) per share	¥3,192	¥(35,681)	$34.32

The following table sets forth the computation of net loss per share of common stock for the years ended March 31, 2010 and 2009:

	Millions of yen		*Thousands of U.S. dollars*
Year ended March 31	**2010**	2009	**2010**
Numerator: Net profit (loss) available for distribution to shareholders of common stock			
Net profit (loss)	¥3,828	¥(42,785)	$41,161
			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	**2010**	2009	**2010**
Net assets per share	¥326,352	¥314,223	$3,509.16

16. Supplementary Cash Flow Information

The following table represents the difference between the balance of "Cash and cash equivalents" and the balance of "Cash and deposits" at March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
March 31	**2010**	2009	**2010**
Cash and deposits	¥83,955	¥76,916	$ 902,742
Short-term investment securities	13,480	3,372	144,946
Total	97,436	80,288	1,047,699
Time deposits with original maturities of more than three months	(7,007)	(5,716)	(75,344)
Cash and cash equivalents	¥90,429	¥74,571	$ 972,355

17. 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, 2010 and 2009:

Business segments

							Millions of yen
Year ended or as of March 31, ***2010***	Fasteners	Architectural products	Machinery	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income							
Sales to third parties	¥248,843	¥301,761	¥ 756	¥ 5,078	¥556,439	¥ –	¥556,439
Intersegment sales and transfers	502	153	13,403	26,525	40,585	(40,585)	–
Total sales	249,345	301,915	14,160	31,604	597,025	(40,585)	556,439
Operating expenses	221,036	307,637	17,907	30,083	576,665	(38,757)	537,908
Operating income(loss)	¥ 28,308	¥ (5,722)	¥ (3,746)	¥ 1,520	¥ 20,360	¥ (1,828)	¥ 18,531
II. Total assets, depreciation and capital expenditures							
Total assets	¥296,929	¥252,704	¥14,756	¥201,915	¥766,304	¥(76,711)	¥689,593
Depreciation and amortization	26,738	15,628	1,619	1,524	45,511	1,820	47,332
Capital expenditures	14,044	13,224	1,130	1,403	29,803	2,446	32,250

							Thousands of U.S. dollars
Year ended or as of March 31, ***2010***	Fasteners	Architectural products	Machinery	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income							
Sales to third parties	$2,675,731	$3,244,742	$ 8,129	$ 54,602	$5,983,215	$ –	$5,983,215
Intersegment sales and transfers	5,398	1,645	144,118	285,215	436,398	(436,398)	–
Total sales	2,681,129	3,246,398	152,258	339,828	6,419,624	(436,398)	5,983,215
Operating expenses	2,376,731	3,307,925	192,548	323,473	6,200,699	(416,742)	5,783,957
Operating income(loss)	$ 304,387	$ (61,527)	$ (40,280)	$ 16,344	$ 218,925	$ (19,656)	$ 199,258
II. Total assets, depreciation and capital expenditures							
Total assets	$3,192,785	$2,717,247	$158,667	$2,171,129	$8,239,828	$(824,849)	$7,414,978
Depreciation and amortization	287,505	168,043	17,409	16,387	489,366	19,570	508,946
Capital expenditures	151,011	142,194	12,151	15,086	320,462	26,301	346,774

As described in Note 1, the results of operations of foreign consolidated subsidiaries include 15 months of operations. As a result, net sales increased by ¥42,153 million ($453,258 thousand) and operating income increased by ¥5,224 million ($56,172 thousand) in Fasteners, net sales increased by ¥7,218 million ($77,613 thousand) and operating loss increased by ¥123 million ($1,323 thousand) in Architectural products, net sales increased by ¥240 million ($2,581 thousand) and operating loss decreased by ¥25 million ($269 thousand) in Machinery, and net sales increased by ¥4,209 million ($45,258 thousand) and operating income decreased by ¥116 million ($1,247 thousand) in Other.

As described in Note 2, effective from the fiscal year beginning April 1, 2009, the company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Construction Contracts" (the ASBJ Statement No. 15, issued on December 27, 2007). As a result, net sales decreased by ¥1,374 million ($14,774 thousand) in Architectural products and by ¥284 million ($3,054 thousand) in Machinery. Operating loss increased by ¥88 million ($946 thousand) in Architectural products and decreased by ¥9 million ($97 thousand) in Machinery.

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 and amortization	25,369	17,352	1,724	1,568	46,014	(215)	45,799
Impairment of non-current 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

As described Note 2, effective from the fiscal year beginning April 1, 2008, the Company and its domestic consolidated 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 in Fasteners, by ¥2,051 million in Architectural products, by ¥167 million in Machinery, and by ¥98 million in Other, and operating income decreased by the same amount, as compared with the results calculated under the previous accounting principle.

Geographical areas

Millions of yen

Year ended or as of March 31, ***2010***	Japan	North/Central America	South America	Europe, Middle East, Africa	East Asia	ASEAN, South-Asia, Oceania	Total	Eliminations or corporate	Consolidated
Sales to third parties	¥301,152	¥44,422	¥11,605	¥44,766	¥110,644	¥43,847	¥556,439	¥ –	¥556,439
Intersegment sales and transfers	44,091	5,628	52	888	13,205	18,018	81,885	(81,885)	–
Total sales	345,244	50,050	11,658	45,654	123,850	61,866	638,324	(81,885)	556,439
Operating expenses	345,515	49,070	10,968	43,345	110,178	55,410	614,487	(76,579)	537,908
Operating income (loss)	¥ (271)	¥ 980	¥ 690	¥ 2,309	¥ 13,672	¥ 6,455	¥ 23,836	¥ (5,305)	¥ 18,531
Total assets	¥319,104	¥36,887	¥16,319	¥47,052	¥141,209	¥66,169	¥626,743	¥62,850	¥689,593

Thousands of U.S. dollars

Sales to third parties	$3,238,194	$477,656	$124,785	$481,355	$1,189,720	$471,473	$5,983,215	$ –	$5,983,215
Intersegment sales and transfers	474,097	60,516	559	9,548	141,989	193,742	880,484	(880,484)	–
Total sales	3,712,301	538,172	125,355	490,903	1,331,720	665,226	6,863,699	(880,484)	5,983,215
Operating expenses	3,715,215	527,634	117,935	466,075	1,184,710	595,806	6,607,387	(823,430)	5,783,957
Operating income (loss)	$ (2,914)	$ 10,538	$ 7,419	$ 24,828	$ 147,011	$ 69,409	$ 256,301	$ (57,043)	$ 199,258
Total assets	$3,431,226	$396,634	$175,473	$505,935	$1,518,376	$711,495	$6,739,172	$675,806	$7,414,978

**Countries and areas are segmented based on their geographical proximity and their mutual operational relation ship.*
Major countries and areas which belong to segments other than Japan are as follows:
1) North/Central America…………The U.S.A., Canada, etc.
2) South America…………………..Brazil, Argentina, etc.
3) Europe, Middle East, Africa……The U.K., Germany, etc.
4) East Asia…………….………..China, South Korea, etc.
5) ASEAN, South Asia, Oceania......Indonesia, India, etc.

As described in Note 1, the results of operations of foreign consolidated subsidiaries include 15 months of operations. As a result, net sales increased by ¥10,348 million ($111,269 thousand) in North/Central America, by ¥2,715 million ($29,194 thousand) in South America, by ¥9,512 million ($102,280 thousand) in Europe, Middle East, Africa, by ¥22,297 million ($239,753 thousand) in East Asia, and by ¥13,466 million ($144,796 thousand) in South-Asia, Oceania. Operating income increased by ¥419 million ($4,505 thousand) in North/Central America, by ¥388 million ($4,172 thousand) in South America, by ¥1,033 million ($11,108 thousand) in Europe, Middle East, Africa, by ¥2,110 million ($22,688 thousand) in East Asia, and by ¥1,315 million ($14,140 thousand) in South-Asia, Oceania.

As described in Note 2, effective from the fiscal year beginning April 1, 2009, the company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Construction Contracts" (the ASBJ Statement No. 15, issued on December 27, 2007). As a result, net sales decreased by ¥1,374 million ($14,774 thousand) and operating loss increased by ¥88 million ($946 thousand) in Japan.

Millions of yen

*Year ended or as of March 31, **2009***	Japan	North/Central America	South America	Europe, Middle East, Africa	East Asia	ASEAN, 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

**Countries and areas are segmented based on their geographical proximity and their mutual operational relation ship.*
Major countries and areas which belong to segments other than Japan are as follows:
1) North/Central America…………The U.S.A., Canada, etc.
2) South America…………………..Brazil, Argentina, etc.
3) Europe, Middle East, Africa……The U.K., Germany, etc.
4) East Asia…………….………..China, South Korea, etc.
5) ASEAN, South Asia, Oceania......Indonesia, India, etc.

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 in Japan segment, and operating income decreased by the same amount, as compared with the results calculated under the previous accounting principle.

Overseas sales

Year ended March 31, ***2010***	North/Central America	South America	Europe, Middle East, Africa	East Asia	ASEAN, South-Asia, Oceania	Total
						Millions of yen
I. Overseas sales	¥44,311	¥11,785	¥43,663	¥113,810	¥44,110	¥257,681
II. Consolidated sales						556,439
III. Overseas sales as a percentage of consolidated sales	8.0%	2.1%	7.8%	20.5%	7.9%	46.3%

Year ended March 31, ***2010***						*Thousands of U.S. dollars*
I. Overseas sales	$476,462	$126,720	$469,495	$1,223,763	$474,301	$2,770,763
II. Consolidated sales						5,983,215
III. Overseas sales as a percentage of consolidated sales	8.0%	2.1%	7.8%	20.5%	7.9%	46.3%

**Countries and areas are segmented based on their geographical proximity and their mutual operational relation ship.*
Major countries and areas which belong to segments other than Japan are as follows:
1) North/Central America…………The U.S.A., Canada, etc.
2) South America…………………..Brazil, Argentina, etc.
3) Europe, Middle East, Africa……The U.K., Germany, etc.
4) East Asia…………….…………..China, South Korea, etc.
5) ASEAN, South Asia, Oceania......Indonesia, India, etc.

As described in Note 1, the results of operations for foreign consolidated subsidiaries include 15 months of operations. The effect of this change was to increase overseas sales by ¥8,577 million ($92,226 thousand) in North/Central America, by ¥2,715 million ($29,194 thousand) in South America, by ¥9,150 million ($98,387 thousand) in Europe, Middle East, Africa, by ¥19,887 million ($213,839 thousand) in East Asia, and by ¥9,500 million ($102,151 thousand) in South-Asia, Oceania.

Year ended March 31, ***2009***	North/Central America	South America	Europe, Middle East, Africa	East Asia	ASEAN, South-Asia, Oceania	Total
						Millions of yen
I. Overseas sales	¥53,064	¥11,563	¥48,828	¥108,724	¥38,264	¥260,445
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%

**Countries and areas are segmented based on their geographical proximity and their mutual operational relation ship.*
Major countries and areas which belong to segments other than Japan are as follows:
1) North/Central America…………The U.S.A., Canada, etc.
2) South America…………………..Brazil, Argentina, etc.
3) Europe, Middle East, Africa……The U.K., Germany, etc.
4) East Asia…………….…………..China, South Korea, etc.
5) ASEAN, South Asia, Oceania......Indonesia, India, etc.

18. 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, 2010 was approved at the general meeting of the shareholders of the Company held on June 29, 2010:

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends (¥1,800 = $19.35) per share	¥2,158	$23,204

19. Related Party Transactions

The related party transaction for the years ended March 31, 2010 and 2009 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, ***2010***

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% Indirect 14.47%	Endowment	¥50	$538	–	–	–
Mr. Satoshi Kawai	–		Legal services	¥12	$129	–	–	–

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 Mori Hamada & Matsumoto, whose partner is Mr. Satoshi Kawai, the outside auditor of the Company. The terms of the transactions are determined based on the same standards as applied to third-party transactions.

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

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	¥21	Other current liabilities	¥2

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.

20. Loss on Impairment of Non-Current Assets

For the year ended March 31, 2010

The Group recorded loss on impairment of non-current assets on the following asset groups:

Use	Class	Location
Idle assets	Building, land, etc.	Iwate Prefecture, etc.
Productive assets	Goodwill	–

The Group establishes the grouping of productive assets on the basis of management accounting: leased assets and idle assets on the basis of individual properties, and goodwill on the basis of business segments.
Due to decrease of rent level and continuous fall of land price, the Group wrote down the book value of the idle assets indicated above to their recoverable amount and recorded the amount of the write-down (¥1,110 million; $11,935 thousand) as loss on impairment of non-current assets, which is recorded as extraordinary loss for the current fiscal year. The amount of loss on impairment of non-current assets represents the sum of the amounts attributable to building and structure (¥473 million; $5,086 thousand), land (¥573 million; $6,161 thousand), and other non-current assets (¥63 million; $677 thousand). Due to profitability of goodwill declined, business segments which record goodwill wrote down the book value of the goodwill indicated above to its recoverable amount and recorded the amount of the write-down (¥112 million; $1,204 thousand) as loss on impairment of non-current assets, which is recorded as extraordinary loss for the current fiscal year.
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 4.4%.

21. Loss on Restructuring

For the year ended March 31, 2009

The Company record a loss on restructuring as an extraordinary loss, which consists of an estimated ¥801 million 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) 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), land (¥1,180 million), and other non-current assets (¥93 million).
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, 2010 and 2009, 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, 2010 and 2009, 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 the fiscal year beginning April 1, 2009, the Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Construction Contracts" (the ASBJ Statement No. 15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (the ASBJ Guidance No. 18, issued on December 27, 2007).

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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, 2010 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, 2010 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, 2010

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, 2010 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 53 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, 2010. 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, 2010 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.

2010 Annual Report

YKK CORPORATION

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