

FLASH REPORT

Company name(official) : KAYABA INDUSTRY CO., LTD.

Stock listing : Tokyo Stock Exchange (First Section)

Code number : 7242

Address of head office : World Trade Center Bldg., 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo 105-6111, Japan

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The following statements are an English-translation of the original Japanese-language document for your convenience.
In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

(All amounts are rounded down to the nearest million yen, unless otherwise noted.)

1. Result for the fiscal year (April 1,2010 to March 31,2011)**(1) Operating results**

	Net sales		Operating income	
	(% change from the previous period)		(% change from the previous period)	
	Millions of yen		Millions of yen	
Fiscal year	320,082	27.0	24,151	519.9
Previous fiscal year	252,020	(23.5)	3,896	—

	Net income		Net income per share	
	(% change from the previous period)			
	Millions of yen		Yen	
Fiscal year	17,014	—	77.54	—
Previous fiscal year	661	—	3.03	—

(Note) Equity in earnings of affiliates 1,192 million [Previous fiscal year 977 million]

(2) Financial data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year	225,933	76,324	30.6	395.18
Previous fiscal year	219,233	67,949	27.3	336.55

(3) Scope of consolidation and equity method

Consolidated subsidiaries : 31 companies

Equity method of affiliates : 4 companies

2. Forecast for the current fiscal year (April 1,2011 to March 31,2012)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Current fiscal year	329,000	16,500	17,000	10,500

(Reference) Net income per share for the current fiscal year is forecasted to be 47.49 yen.

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2011 and March 31, 2010

ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
Current assets:			
Cash and deposits	¥ 46,208	¥ 34,571	\$ 556,723
Notes and accounts receivable-trade	80,184	69,303	966,072
Short-term investment securities	—	5,000	—
Finished goods	16,534	15,141	199,205
Work in process	12,879	13,024	155,169
Raw materials and supplies	8,098	8,373	97,566
Deferred tax assets	4,107	3,553	49,482
Short-term loans receivable	5,051	140	60,855
Other	5,058	5,279	60,940
Allowance for doubtful accounts	(469)	(523)	(5,651)
Total current assets	177,654	153,864	2,140,410
Property, plant and equipment:			
Buildings and structures, net	24,144	25,383	290,892
Machinery, equipment and vehicles, net	35,910	42,835	432,651
Land	22,324	22,601	268,964
Lease assets, net	1,725	1,889	20,783
Construction in progress	4,318	1,427	52,024
Other, net	2,397	2,863	28,880
Total property, plant and equipment	90,821	97,000	1,094,229
Intangible assets:			
Goodwill	16	50	193
Software	67	106	807
Other	1,107	874	13,337
Total intangible assets	1,191	1,031	14,349
Investments and other non-current assets:			
Investment securities	10,258	11,101	123,590
Deferred tax assets	3,418	4,585	41,181
Other	1,828	2,487	22,024
Allowance for doubtful accounts	(38)	(710)	(458)
Total investments and other assets	15,467	17,464	186,349
Total noncurrent assets	107,479	115,496	1,294,928
Total assets	¥ 285,134	¥ 269,361	\$ 3,435,349

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥83=US\$ 1, the approximate exchange rate prevailing on March 31, 2011.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
Current liabilities:			
Notes and accounts payable-trade	¥ 68,340	¥ 54,963	\$ 823,373
Short-term loans payable	34,802	29,072	419,301
Lease obligations	293	266	3,530
Accounts payable-other	7,083	5,091	85,337
Income taxes payable	4,959	888	59,747
Notes payable-facilities	756	594	9,108
Provision for product warranties	2,949	3,974	35,530
Provision for directors' bonuses	311	52	3,747
Provision for business structure improvement	—	119	—
Other	12,134	10,138	146,193
Total current liabilities	131,630	105,163	1,585,904
Noncurrent liabilities:			
Long-term loans payable	44,774	66,821	539,446
Lease obligations	1,455	1,644	17,530
Deferred tax liabilities for land revaluation	4,513	4,512	54,373
Provision for retirement benefits	10,767	11,033	129,723
Provision for directors' retirement benefits	666	684	8,024
Provision for environmental measures	222	207	2,675
Asset retirement obligations	209	—	2,518
Other	930	803	11,205
Total noncurrent liabilities	63,539	85,708	765,530
Total liabilities	195,169	190,871	2,351,434
Net assets:			
Shareholders' equity			
Capital stock	19,113	19,113	230,277
Capital surplus	21,008	20,256	253,108
Retained earnings	49,293	33,620	593,892
Treasury stock	(531)	(990)	(6,398)
Total shareholders' equity	88,883	71,999	1,070,880
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,365	1,490	16,446
Deferred gains or losses on hedges	—	45	—
Revaluation reserve for land	4,768	4,760	57,446
Foreign currency translation adjustment	(7,652)	(4,724)	(92,193)
Total accumulated other comprehensive income	(1,518)	1,572	(18,289)
Minority interests	2,599	4,917	31,313
Total net assets	89,964	78,489	1,083,904
Total liabilities and net assets	¥ 285,134	¥ 269,361	\$ 3,435,349

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥83=US\$ 1, the approximate exchange rate prevailing on March 31, 2011.

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2011	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Net sales	¥ 320,082	¥ 252,020	\$ 3,856,410
Cost of sales	257,006	213,592	3,096,458
Gross profit	63,075	38,427	759,940
Selling, general and administrative expenses	38,924	34,531	468,964
Operating income	24,151	3,896	290,976
Non-operating income			
Interest income	197	172	2,373
Dividends income	239	178	2,880
Foreign exchange gains	—	104	—
Technical support fee	762	517	9,181
Equity in earnings of affiliates	1,192	977	14,361
Government subsidies for employment adjustment	25	889	301
Subsidy income	156	565	1,880
Other	758	734	9,133
Total non-operating income	3,332	4,138	40,145
Non-operating expenses			
Interest expenses	1,675	2,058	20,181
Foreign exchange losses	1,492	—	17,976
Other	343	445	4,133
Total non-operating expenses	3,511	2,503	42,301
Ordinary income	23,972	5,530	288,819
Extraordinary income			
Gain on sales of noncurrent assets	55	95	663
Gain on sales of subsidiaries and affiliates' stocks	410	—	4,940
Gain on negative goodwill	718	—	8,651
Reversal of allowance for doubtful accounts	50	23	602
Surrender value of insurance	—	173	—
Gain on change in equity	—	164	—
Refund of prior periods taxes and dues	—	166	—
Other	236	—	2,843
Total extraordinary income	1,470	624	17,711
Extraordinary loss			
Loss on prior periods adjustment	—	366	—
Loss on disposal of noncurrent assets	351	519	4,229
Impairment loss	260	1,232	3,133
Loss on valuation of investment securities	0	288	0
Special retirement expenses	213	1,045	2,566
Retirement benefit expenses	—	293	—
Business structure improvement expenses	2	567	24
Loss on adjustment for changes of accounting standard for asset retirement obligations	165	—	1,988
Other	10	170	120
Total extraordinary losses	1,003	4,484	12,084
Income before income taxes and minority interests	24,439	1,670	294,446
Income taxes-current	5,975	1,043	71,988
Refund of income taxes	(109)	(120)	(1,313)
Income taxes-deferred	987	348	11,892
Total income taxes	6,854	1,271	82,578
Income before minority interests	17,584	—	211,855
Minority interests in income (loss)	570	(261)	6,867
Net income	¥ 17,014	661	\$ 204,988
Amounts per share of common stock:			
Net income	¥ 77.54	¥ 3.03	\$ 0.93
Cash dividends applicable to the year	8.00	2.50	0.10

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥83=US\$ 1, the approximate exchange rate prevailing on March 31, 2011.

Consolidated Statements of Cash Flows

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2011	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 24,439	¥ 1,670	\$ 294,446
Depreciation and amortization	13,426	15,318	161,759
Gain on sales of noncurrent assets	(55)	(95)	(663)
Loss on disposal of noncurrent assets	351	519	4,229
Loss on valuation of investment securities	0	288	0
Gain on sales of stocks of subsidiaries and affiliates	(410)	—	(4,940)
Impairment loss	260	1,232	3,133
Amortization of goodwill	33	39	398
Amortization of negative goodwill	(37)	(37)	(446)
Gain on negative goodwill	(718)	—	(8,651)
Increase (decrease) in allowance for doubtful accounts	(26)	230	(313)
Decrease in provision for retirement benefits	(234)	(108)	(2,819)
Decrease in provision for product warranties	(956)	(511)	(11,518)
Increase (decrease) in provision for directors' bonuses	258	(6)	3,108
Increase in provision for environmental measures	15	—	181
Increase (decrease) in provision for business structure improvement	(119)	119	(1,434)
Loss on adjustment for changes of accounting standard for asset retirement obligations	165	—	1,988
Interest and dividends income	(437)	(350)	(5,265)
Gain on cancellation of insurance contract	—	(173)	—
Interest expenses	1,675	2,058	20,181
Equity in earnings of affiliates	(1,192)	(977)	(14,361)
Increase in notes and accounts receivable-trade	(13,347)	(9,904)	(160,807)
Decrease (increase) in inventories	(4,847)	2,831	(58,398)
Increase in notes and accounts payable-trade	15,839	7,712	190,831
Increase in accounts payable-other	1,464	581	17,639
Subsidy income	(156)	(565)	(1,880)
Other, net	2,274	1,063	27,398
Subtotal	37,666	20,938	453,807
Interest and dividends income received	847	740	10,205
Interest expenses paid	(1,717)	(2,118)	(20,687)
Income taxes paid	(1,916)	(473)	(23,084)
Income taxes refund	231	2,978	2,783
Proceeds from insurance income	41	175	494
Proceeds from subsidy	279	412	3,361
Net cash provided by (used in) operating activities	35,433	22,654	426,904
Cash flows from investing activities:			
Payments into time deposits	(6,920)	(1,946)	(83,373)
Proceeds from withdrawal of time deposits	5,644	1,273	68,000
Purchase of property, plant and equipment	(7,665)	(12,458)	(92,349)
Proceeds from sales of property, plant and equipment	566	473	6,819
Purchase of investment securities	(47)	(8)	(566)
Purchase of stocks of subsidiaries and affiliates	(225)	—	(2,711)
Proceeds from sales of stocks of subsidiaries and affiliates	1,349	—	16,253
Payments of loans receivable	(285)	(329)	(3,434)
Collection of loans receivable	692	299	8,337
Other, net	(342)	(131)	(4,120)
Net cash provided by (used in) investing activities	(7,233)	(12,828)	(87,145)
Cash flows from financing activities:			
Net decrease in short-term loans payable	(7,756)	(7,096)	(93,446)
Repayments of lease obligations	(285)	(227)	(3,434)
Proceeds from long-term loans payable	2,106	4,354	25,373
Repayment of long-term loans payable	(8,986)	(4,184)	(108,265)
Redemption of bonds	(10)	(30)	(120)
Purchase of treasury stock	(477)	(3)	(5,747)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(1,416)	—	(17,060)
Proceeds from stock issuance to minority shareholders	—	664	—
Cash dividends paid to minority shareholders	(141)	(123)	(1,699)
Net cash provided by (used in) financing activities	(16,967)	(6,646)	(204,422)
Effect of exchange rate change on cash and cash equivalents	(753)	160	(9,072)
Net increase in cash and cash equivalents	10,478	3,340	126,241
Cash and cash equivalents at beginning of period	37,663	34,272	453,771
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	50	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(19)	—	(229)
Cash and cash equivalents at end of period	¥ 48,122	37,663	\$ 579,783

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥83=US\$ 1, the approximate exchange rate prevailing on March 31, 2011.

Segment Information

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2011

Year ended March 31, 2011

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 186,795	¥ 121,221	¥ 308,016	¥ 12,066	¥ 320,082	¥ —	¥ 320,082
Intersegment	167	1,588	1,756	1,745	3,501	(3,501)	—
Total sales	<u>186,962</u>	<u>122,809</u>	<u>309,772</u>	<u>13,811</u>	<u>323,583</u>	<u>(3,501)</u>	<u>320,082</u>
Segment Profits	10,181	13,941	24,123	76	24,200	(48)	24,151

Year ended March 31, 2011

	Thousands of U.S.dollars						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	\$ 2,250,542	\$ 1,460,494	\$ 3,711,036	\$ 145,373	\$ 3,856,410	\$ —	\$ 3,856,410
Intersegment	2,012	19,133	21,157	21,024	42,181	(42,181)	—
Total sales	<u>2,252,554</u>	<u>1,479,627</u>	<u>3,732,193</u>	<u>166,398</u>	<u>3,898,590</u>	<u>(42,181)</u>	<u>3,856,410</u>
Segment Profits	122,663	167,964	290,639	916	291,566	(578)	290,976

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