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FLASH REPORT

May 10, 2013

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

URL <http://www.kyb.co.jp/english/>

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, 2012 to March 31, 2013)

(1) Consolidated operating results

	Net sales		Operating income	
	(% change from the previous period)		(% change from the previous period)	
	Millions of yen		Millions of yen	
Fiscal year	305,752	(9.3)	10,473	(51.4)
Previous fiscal year	337,158	5.3	21,537	(10.8)

	Net income		Net income per share	
	(% change from the previous period)			
	Millions of yen		Yen	
Fiscal year	7,789	(44.0)	35.24	
Previous fiscal year	13,897	(18.3)	62.87	

(Note) Equity in earnings of affiliates 536 million yen [Previous fiscal year 870 million yen]

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year	327,912	116,435	34.5	512.18
Previous fiscal year	301,348	102,761	33.2	453.00

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year	18,984	(36,125)	8,529	35,215
Previous fiscal year	17,399	(20,000)	(3,454)	42,009

2. Cash dividends

	Annual cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Previous fiscal year	-	4.00	-	5.00	9.00
Fiscal year	-	4.00	-	4.00	8.00
Current fiscal year (forecast)	-	4.00	-	4.00	8.00

3. Forecast for the current fiscal year (April 1, 2013 to March 31, 2014)

	Net sales	Operating income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Current fiscal year	336,000	15,800	10,000	45.24

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2013
Current assets:			
Cash and deposits	¥ 33,530	¥ 36,460	\$ 356,702
Notes and accounts receivable-trade	77,834	86,582	828,021
Finished goods	21,814	17,121	232,064
Work in process	11,647	12,229	123,904
Raw materials and supplies	8,607	8,581	91,564
Deferred tax assets	4,194	3,996	44,617
Short-term loans receivable	3,051	7,042	32,457
Other	9,597	7,885	102,096
Allowance for doubtful accounts	(436)	(437)	(4,638)
Total current assets	169,841	179,462	1,806,819
Property, plant and equipment:			
Buildings and structures, net	39,417	26,864	419,330
Machinery, equipment and vehicles, net	47,198	41,537	502,106
Land	24,335	23,341	258,883
Lease assets, net	2,036	1,767	21,660
Construction in progress	15,687	5,747	166,883
Other, net	2,794	2,302	29,723
Total property, plant and equipment	131,469	101,562	1,398,606
Intangible assets:			
Goodwill	4	5	43
Software	114	58	1,213
Other	1,129	1,109	12,011
Total intangible assets	1,247	1,173	13,266
Investments and other non-current assets			
Investment securities	21,104	14,709	224,511
Deferred tax assets	2,451	2,865	26,074
Other	1,859	1,625	19,777
Allowance for doubtful accounts	(62)	(49)	(660)
Total investments and other assets	25,353	19,150	269,713
Total noncurrent assets	158,071	121,886	1,681,606
Total assets	¥ 327,912	¥ 301,348	\$ 3,488,426

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥94=US\$ 1, the approximate exchange rate prevailing on March 31, 2013.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2013
Current liabilities:			
Notes and accounts payable-trade	¥ 58,558	¥ 69,596	\$ 622,957
Short-term loans payable	47,200	35,160	502,128
Lease obligations	401	341	4,266
Accounts payable-other	11,637	12,006	123,798
Income taxes payable	1,466	3,313	15,596
Notes payable-facilities	9,453	2,721	100,564
Provision for product warranties	3,605	3,339	38,351
Provision for directors' bonuses	147	159	1,564
Other	15,191	10,819	161,606
Total current liabilities	147,661	137,456	1,570,862
Noncurrent liabilities:			
Long-term loans payable	45,719	43,226	486,372
Lease obligations	1,683	1,464	17,904
Asset retirement obligations	390	354	4,149
Deferred tax liabilities for land revaluation	3,965	3,965	42,181
Provision for retirement benefits	10,404	10,431	110,681
Provision for directors' retirement benefits	70	264	745
Provision for environmental measures	222	222	2,362
Other	1,359	1,199	14,457
Total noncurrent liabilities	63,814	61,130	678,872
Total liabilities	211,476	198,586	2,249,745
Net assets:			
Shareholders' equity			
Capital stock	19,113	19,113	203,330
Capital surplus	21,009	21,009	223,500
Retained earnings	67,216	61,416	715,064
Treasury stock	(549)	(544)	(5,840)
Total shareholders' equity	106,790	100,995	1,136,064
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	3,121	2,107	33,202
Revaluation reserve for land	5,316	5,316	56,553
Foreign currency translation adjustment	(2,018)	(8,283)	(21,468)
Total accumulated other comprehensive income	6,419	(859)	68,287
Minority interests	3,225	2,626	34,309
Total net assets	116,435	102,761	1,238,670
Total liabilities and net assets	¥ 327,912	¥ 301,348	\$ 3,488,426

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥94=US\$ 1, the approximate exchange rate prevailing on March 31, 2013.

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012	Year ended Mar. 31, 2013
Net sales	¥ 305,752	¥ 337,158	\$ 3,252,681
Cost of sales	250,693	273,087	2,666,947
Gross profit	55,059	64,070	585,734
Selling, general and administrative expenses	44,585	42,533	474,309
Operating income	10,473	21,537	111,415
Non-operating income			
Interest income	131	211	1,394
Dividends income	301	401	3,202
Foreign exchange gains	1,965	—	20,904
Technical support fee	784	837	8,340
Equity in earnings of affiliates	536	870	5,702
Government subsidies for employment adjustment	97	68	1,032
Subsidy income	324	279	3,447
Other	1,105	851	11,755
Total non-operating income	5,248	3,520	55,830
Non-operating expenses			
Interest expenses	1,684	1,555	17,915
Foreign exchange losses	—	351	—
Other	476	395	5,064
Total non-operating expenses	2,160	2,302	22,979
Ordinary income	13,561	22,755	144,266
Extraordinary income			
Gain on sales of noncurrent assets	102	33	1,085
Gain on sales of investment securities	0	0	0
Gain on sales of subsidiaries and affiliates' stocks	—	26	—
Total extraordinary income	103	60	1,096
Extraordinary loss			
Loss on disposal of noncurrent assets	457	309	4,862
Impairment loss	55	481	585
Loss on valuation of investment securities	8	3	85
Loss on valuation of investment in capital of subsidiaries and affiliates	—	87	—
Special retirement expenses	147	166	1,564
Other	—	8	—
Total extraordinary losses	670	1,056	7,128
Income before income taxes and minority interests	12,994	21,759	138,234
Income taxes-current	4,054	6,928	43,128
Income taxes for prior periods	810	—	8,617
Income taxes-deferred	(138)	388	(1,468)
Total income taxes	4,725	7,317	50,266
Income before minority interests	8,268	14,441	87,957
Minority interests in income (loss)	479	544	5,096
Net income	¥ 7,789	¥ 13,897	\$ 82,862
Amounts per share of common stock:			
Net income	¥ 35.24	¥ 62.87	\$ 0.37
Cash dividends applicable to the year	8.00	9.00	0.09

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥94=US\$ 1, the approximate exchange rate prevailing on March 31, 2013.

Consolidated Statements of Cash Flows

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012	Year ended Mar. 31, 2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 12,994	¥ 21,759	\$ 138,234
Depreciation and amortization	14,554	13,508	154,830
Loss (gain) on sales of noncurrent assets	(102)	(33)	(1,085)
Loss (gain) on disposal of noncurrent assets	457	309	4,862
Loss (gain) on sales of investment securities	(0)	(0)	(0)
Loss (gain) on valuation of investment securities	8	3	85
Loss (gain) on valuation of investments in capital of subsidiaries and affiliates	—	87	—
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	(26)	—
Impairment loss	55	481	585
Amortization of goodwill	1	17	11
Amortization of negative goodwill	(1)	(1)	(11)
Increase (decrease) in allowance for doubtful accounts	(31)	8	(330)
Increase (decrease) in provision for retirement benefits	(146)	(289)	(1,553)
Increase (decrease) in provision for product warranties	42	449	447
Increase (decrease) in provision for directors' retirement benefits	(195)	(2)	(2,074)
Increase (decrease) in provision for directors' bonuses	(11)	(151)	(117)
Interest and dividends income	(433)	(612)	(4,606)
Interest expenses	1,684	1,555	17,915
Equity in earnings of affiliates	(536)	(870)	(5,702)
Decrease (increase) in notes and accounts receivable-trade	13,091	(7,098)	139,266
Decrease (increase) in inventories	(924)	(1,480)	(9,830)
Increase (decrease) in notes and accounts payable-trade	(14,882)	1,593	(158,319)
Increase (decrease) in accounts payable-other	(1,092)	957	(11,617)
Other, net	2,067	(4,321)	21,989
Subtotal	26,599	25,841	282,968
Interest and dividends income received	905	1,316	9,628
Interest expenses paid	(1,678)	(1,507)	(17,851)
Income taxes paid	(6,884)	(8,527)	(73,234)
Income taxes refund	43	276	457
Net cash provided by (used in) operating activities	18,984	17,399	201,957
Cash flows from investing activities:			
Payments into time deposits	(616)	(856)	(6,553)
Proceeds from withdrawal of time deposits	928	2,427	9,872
Purchase of property, plant and equipment	(31,682)	(19,200)	(337,043)
Proceeds from sales of property, plant and equipment	114	281	1,213
Purchase of investment securities	(606)	(2,913)	(6,447)
Purchase of stocks of subsidiaries and affiliates	(3,621)	—	(38,521)
Payments for investments in capital of subsidiaries and affiliates	(298)	(252)	(3,170)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(239)	—
Payments of loans receivable	(187)	(193)	(1,989)
Collection of loans receivable	187	1,087	1,989
Other, net	(342)	(140)	(3,638)
Net cash provided by (used in) investing activities	(36,125)	(20,000)	(384,309)
Cash flows from financing activities:			
Net decrease in short-term loans payable	7,018	6,476	74,660
Repayments of lease obligations	(427)	(354)	(4,543)
Proceeds from long-term loans payable	22,822	13,975	242,787
Repayment of long-term loans payable	(18,496)	(21,501)	(196,766)
Purchase of treasury stock	(5)	(12)	(53)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(1,989)	(1,768)	(21,160)
Cash dividends paid to minority shareholders	(392)	(269)	(4,170)
Net cash provided by (used in) financing activities	8,529	(3,454)	90,734
Effect of exchange rate change on cash and cash equivalents	1,815	(180)	19,309
Net increase in cash and cash equivalents	(6,794)	(6,236)	(72,277)
Cash and cash equivalents at beginning of period	42,009	48,122	446,904
increase in cash and cash equivalents resulting from change of scope of consolidation	—	123	—
Cash and cash equivalents at end of period	¥ 35,215	¥ 42,009	\$ 374,628

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥94=US\$ 1, the approximate exchange rate prevailing on March 31, 2013.

Segment Information

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

Year ended March 31, 2013

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 184,802	¥ 105,067	¥ 289,870	¥ 15,882	¥ 305,752	¥ —	¥ 305,752
Intersegment	2,424	2,402	4,826	1,136	5,962	(5,962)	—
Total sales	<u>187,226</u>	<u>107,469</u>	<u>294,696</u>	<u>17,018</u>	<u>311,715</u>	<u>(5,962)</u>	<u>305,752</u>
Segment Profits	5,106	4,254	9,360	871	10,232	241	10,473

Year ended March 31, 2013

	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	\$ 1,965,979	\$ 1,117,734	\$ 3,083,723	\$ 168,957	\$ 3,252,681	\$ —	\$ 3,252,681
Intersegment	25,787	25,553	51,340	12,085	63,426	(63,426)	—
Total sales	<u>1,991,766</u>	<u>1,143,287</u>	<u>3,135,064</u>	<u>181,043</u>	<u>3,316,117</u>	<u>(63,426)</u>	<u>3,252,681</u>
Segment Profits	54,319	45,255	99,574	9,266	108,851	2,564	111,415

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥94=US\$ 1, the approximate exchange rate prevailing on March 31, 2013.

Year ended March 31, 2012

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 186,664	¥ 137,522	¥ 324,186	¥ 12,971	¥ 337,158	¥ —	¥ 337,158
Intersegment	2,181	1,945	4,126	1,423	5,550	(5,550)	—
Total sales	<u>188,845</u>	<u>139,468</u>	<u>328,313</u>	<u>14,395</u>	<u>342,709</u>	<u>(5,550)</u>	<u>337,158</u>
Segment Profits	6,154	14,299	20,453	989	21,443	94	21,537