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FLASH REPORT

November 5, 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

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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 first half-year (April 1,2013 to September 30,2013)

(1) Operating results

	Net sales		Operating income	
	(% change from the previous period)		(% change from the previous period)	
	Millions of yen		Millions of yen	
Fiscal first half-year	170,624	10.5	10,004	41.8
Previous corresponding period	154,347	(6.3)	7,055	(43.5)
Previous fiscal year	305,752	(9.3)	10,473	(51.4)

	Net income		Net income per share	
	(% change from the previous period)			
	Millions of yen		Yen	
Fiscal first half-year	6,569	67.2	29.72	
Previous corresponding period	3,929	(45.0)	17.78	
Previous fiscal year	7,789	(44.0)	35.24	

(2) Financial data

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Fiscal first half-year	332,063	126,481	37.0
Previous fiscal year	327,912	116,435	34.5

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	–	4.00	8.00
Fiscal year	–	4.00			
Fiscal year (forecast)			–	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	345,400	18,700	12,200	55.20

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

ASSETS	Millions of yen		Thousands of U.S. dollars
	Sep.30, 2013	Mar. 31, 2013	Sep.30, 2013
Current assets:			
Cash and deposits	¥ 27,061	¥ 33,530	\$ 276,133
Notes and accounts receivable-trade	83,050	77,834	847,449
Finished goods	21,155	21,814	215,867
Work in process	13,637	11,647	139,153
Raw materials and supplies	8,173	8,607	83,398
Deferred tax assets	4,406	4,194	44,959
Short-term loans receivable	55	3,051	561
Other	10,822	9,597	110,429
Allowance for doubtful accounts	(353)	(436)	(3,602)
Total current assets	168,008	169,841	1,714,367
Property, plant and equipment:			
Buildings and structures, net	45,573	39,417	465,031
Machinery, equipment and vehicles, net	49,466	47,198	504,755
Land	25,807	24,335	263,337
Lease assets, net	2,271	2,036	23,173
Construction in progress	11,922	15,687	121,653
Other, net	2,932	2,794	29,918
Total property, plant and equipment	137,974	131,469	1,407,898
Intangible assets:			
Goodwill	700	4	7,143
Software	112	114	1,143
Other	1,173	1,129	11,969
Total intangible assets	1,986	1,247	20,265
Investments and other noncurrent assets			
Investment securities	20,226	21,104	206,388
Deferred tax assets	1,504	2,451	15,347
Other	2,424	1,859	24,735
Allowance for doubtful accounts	(62)	(62)	(633)
Total investments and other assets	24,093	25,353	245,847
Total noncurrent assets	164,054	158,071	1,674,020
Total assets	¥ 332,063	¥ 327,912	\$ 3,388,398

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on [September 30, 2013](#).

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	Sep.30, 2013	Mar. 31, 2013	Sep.30, 2013
Current liabilities:			
Notes and accounts payable-trade	¥ 59,292	¥ 58,558	\$ 605,020
Short-term loans payable	48,632	47,200	496,245
Lease obligations	462	401	4,714
Accounts payable-other	9,749	11,637	99,480
Income taxes payable	3,539	1,466	36,112
Notes payable-facilities	2,320	9,453	23,673
Provision for product warranties	4,038	3,605	41,204
Provision for directors' bonuses	89	147	908
Other	12,322	15,191	125,735
Total current liabilities	140,447	147,661	1,433,133
Noncurrent liabilities:			
Long-term loans payable	46,726	45,719	476,796
Lease obligations	1,866	1,683	19,041
Asset retirement obligations	383	390	3,908
Deferred tax liabilities for land revaluation	3,965	3,965	40,459
Provision for retirement benefits	10,574	10,404	107,898
Provision for directors' retirement benefits	68	70	694
Provision for environmental measures	220	222	2,245
Other	1,328	1,359	13,551
Total noncurrent liabilities	65,134	63,814	664,633
Total liabilities	205,581	211,476	2,097,765
Net assets:			
Shareholders' equity			
Capital stock	19,113	19,113	195,031
Capital surplus	21,009	21,009	214,378
Retained earnings	72,849	67,216	743,357
Treasury stock	(553)	(549)	(5,643)
Total shareholders' equity	112,418	106,790	1,147,122
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	4,206	3,121	42,918
Revaluation reserve for land	5,316	5,316	54,245
Foreign currency translation adjustment	1,014	(2,018)	10,347
Total accumulated other comprehensive income	10,536	6,419	107,510
Minority interests	3,525	3,225	35,969
Total net assets	126,481	116,435	1,290,622
Total liabilities and net assets	332,063	¥ 327,912	\$ 3,388,398

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on [September 30, 2013](#).

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Half-year ended Sep. 30, 2013	Half-year ended Sep. 30, 2012	Half-year ended Sep. 30, 2013
Net sales	¥ 170,624	¥ 154,347	\$ 1,741,061
Cost of sales	135,836	125,525	1,386,082
Gross profit	34,787	28,822	354,969
Selling, general and administrative expenses	24,782	21,766	252,878
Operating income	10,004	7,055	102,082
Non-operating income			
Interest income	105	65	1,071
Dividends income	422	199	4,306
Foreign exchange gains	221	—	2,255
Technical support fee	102	129	1,041
Equity in earnings of affiliates	140	266	1,429
Subsidy income	32	114	327
Other	759	496	7,745
Total non-operating income	1,785	1,271	18,214
Non-operating expenses			
Interest expenses	795	853	8,112
Foreign exchange losses	—	820	—
Other	399	189	4,071
Total non-operating expenses	1,194	1,862	12,184
Ordinary income	10,594	6,464	108,102
Extraordinary income			
Gain on sales of noncurrent assets	271	82	2,765
Total extraordinary income	271	82	2,765
Extraordinary loss			
Loss on disposal of noncurrent assets	204	183	2,082
Impairment loss	3	16	31
Loss on sales of investment securities	21	—	214
Loss on valuation of investment securities	—	8	—
Special retirement expenses	12	89	122
Total extraordinary losses	241	297	2,459
Income before income taxes and minority interests	10,625	6,248	108,418
Income taxes-current	3,546	1,986	36,184
Income taxes-deferred	230	144	2,347
Total income taxes	3,776	2,130	38,531
Income before minority interests	6,848	4,117	69,878
Minority interests in income	279	187	2,847
Net income	¥ 6,569	3,929	\$ 67,031

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on [September 30, 2013](#).

Consolidated Statements of Comprehensive Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Half-year ended Sep. 30, 2013	Half-year ended Sep. 30, 2012	Half-year ended Sep. 30, 2013
Income before minority interests	¥ 6,848	¥ 4,117	\$ 69,878
Other comprehensive income			
Valuation difference on available-for-sale securities	1,084	(1,499)	11,061
Foreign currency translation adjustment	2,745	(2,263)	28,010
Share of other comprehensive income of associates accounted for using equity method	337	(137)	3,439
Total of other comprehensive income(loss)	4,167	(3,900)	42,520
Comprehensive income	11,016	217	112,408
(Breakdown)			0
Comprehensive income attributable to owners of the parent	10,686	117	109,041
Comprehensive income attributable to minority interests	329	99	3,357

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on [September 30, 2013](#).

Consolidated Statements of Cash Flows

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Half-year ended Sep. 30, 2013	Half-year ended Sep. 30, 2012	Half-year ended Sep. 30, 2013
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥ 10,625	¥ 6,248	\$ 108,418
Depreciation and amortization	7,924	6,607	80,857
Loss (gain) on sales of noncurrent assets	(271)	(82)	(2,765)
Loss (gain) on disposal of noncurrent assets	204	183	2,082
Loss (gain) on sales and valuation of investment securities	21	8	214
Impairment loss	3	16	31
Amortization of goodwill	78	0	796
Amortization of negative goodwill	(0)	(0)	(0)
Increase (decrease) in allowance for doubtful accounts	(154)	13	(1,571)
Increase (decrease) in provision for retirement benefits	104	128	1,061
Increase (decrease) in provision for product warranties	277	144	2,827
Increase (decrease) in provision for directors' bonuses	(58)	(87)	(592)
Increase (decrease) in provision for directors' retirement benefits	(1)	(61)	(10)
Increase in allowance for environmental expenses	(1)	—	(10)
Interest and dividends income	(528)	(264)	(5,388)
Interest expenses	795	853	8,112
Equity in (earnings) losses of affiliates	(140)	(266)	(1,429)
Decrease (increase) in notes and accounts receivable-trade	(2,585)	4,795	(26,378)
Decrease (increase) in inventories	598	(551)	6,102
Increase (decrease) in notes and accounts payable-trade	(1,038)	(5,823)	(10,592)
Increase (decrease) in accounts payable-other	540	(193)	5,510
Other, net	(4,399)	1,192	(44,888)
Subtotal	11,991	12,859	122,357
Interest and dividends income received	1,001	663	10,214
Interest expenses paid	(933)	(832)	(9,520)
Income taxes paid	(1,495)	(3,707)	(15,255)
Income taxes refund	—	43	—
Net cash provided by (used in) operating activities	10,562	9,025	107,776
Net cash provided by (used in) investing activities			
Payments into time deposits	(226)	(456)	(2,306)
Proceeds from withdrawal of time deposits	180	692	1,837
Purchase of property, plant and equipment	(21,260)	(14,272)	(216,939)
Proceeds from sales of property, plant and equipment	541	110	5,520
Purchase of investment securities	(972)	(603)	(9,918)
Proceeds from sale of investment securities	9	—	92
Purchase of stocks of subsidiaries and affiliates	(474)	(109)	(4,837)
Payments of loans receivable	(116)	(77)	(1,184)
Collection of loans receivable	115	76	1,173
Other, net	(690)	(55)	(7,041)
Net cash provided by (used in) investing activities	(22,894)	(14,696)	(233,612)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	839	4,113	8,561
Repayments of lease obligations	(191)	(203)	(1,949)
Proceeds from long-term loans payable	8,959	10,169	91,418
Repayment of long-term loans payable	(8,913)	(5,079)	(90,949)
Purchase of treasury stock	(4)	(1)	(41)
Proceeds from sales of treasury stock	—	0	—
Cash dividends paid	(884)	(1,105)	(9,020)
Cash dividends paid to minority shareholders	(441)	(392)	(4,500)
Net cash provided by (used in) financing activities	(636)	7,500	(6,490)
Effect of exchange rate change on cash and cash equivalents	929	(570)	9,480
Net increase (decrease) in cash and cash equivalents	(12,038)	1,259	(122,837)
Cash and cash equivalents at beginning of period	35,215	42,009	359,337
Increase in cash and cash equivalents from newly consolidated subsidiary	2,515	—	25,663
Cash and cash equivalents at end of period	¥ 25,692	43,268	\$ 262,163

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