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FLASH REPORT

August 7, 2014

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 three months ended June.30,2014 (April 1,2014 to June 30,2014)

(1) Operating results

	Net sales		Operating income	
	(% change from the previous period)		(% change from the previous period)	
	Millions of yen		Millions of yen	
Three months ended June. 30, 2014	90,131	8.5	5,067	4.4
Previous corresponding period	83,058	6.6	4,851	(0.2)
Previous fiscal year	352,710	15.4	18,170	73.5

	Net income		Net income per share
	(% change from the previous period)		
	Millions of yen		Yen
Three months ended June. 30, 2014	3,988	22.6	15.61
Previous corresponding period	3,253	4.8	14.72
Previous fiscal year	12,761	63.8	55.26

(2) Financial data

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Three months ended June. 30, 2014	360,732	155,276	41.6
Previous fiscal year	361,083	153,997	41.2

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	–	–	–	–	–
Fiscal year (forecast)	–	4.00	–	5.00	9.00

3. Forecast for the current fiscal year (April 1,2014 to March 31,2015)

	Net sales	Operating income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Current fiscal year	369,000	19,600	12,000	46.97

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2014	June.30, 2014	June.30, 2014
Assets			
Current assets			
Cash and deposits	39,505	33,957	336,208
Notes and accounts receivable - trade	86,443	87,222	863,584
Finished goods	24,642	24,665	244,208
Work in process	13,566	14,653	145,079
Raw materials and supplies	8,368	8,431	83,475
Deferred tax assets	4,815	5,488	54,337
Short-term loans receivable	45	54	535
Other	8,854	9,112	90,218
Allowance for doubtful accounts	(193)	(182)	(1,802)
Total current assets	186,048	183,403	1,815,871
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	47,362	48,886	484,020
Machinery, equipment and vehicles, net	54,846	54,364	538,257
Land	26,619	26,616	263,525
Leased assets, net	2,788	2,747	27,198
Construction in progress	13,012	12,597	124,723
Other, net	3,007	2,954	29,248
Total property, plant and equipment	147,636	148,167	1,467,000
Intangible assets			
Goodwill	622	583	5,772
Software	156	157	1,554
Other	1,391	1,330	13,168
Total intangible assets	2,170	2,070	20,495
Investments and other assets			
Investment securities	20,712	22,735	225,099
Net defined benefit asset	94	109	1,079
Deferred tax assets	1,934	2,114	20,931
Other	2,542	2,188	21,663
Allowance for doubtful accounts	(57)	(57)	(564)
Total investments and other assets	25,226	27,090	268,218
Total non-current assets	175,034	177,329	1,755,733
Total assets	361,083	360,732	3,571,604

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥101=US\$ 1, the approximate exchange rate prevailing on June 30, 2014.

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2014	June.30, 2014	June.30, 2014
Liabilities			
Current liabilities			
Notes and accounts payable - trade	62,584	64,700	640,594
Short-term loans payable	44,206	41,753	413,396
Lease obligations	585	506	5,010
Accounts payable - other	11,701	10,687	105,812
Income taxes payable	5,501	1,938	19,188
Notes payable - facilities	2,966	2,087	20,663
Provision for product warranties	5,220	5,239	51,871
Provision for bonuses	—	2,797	27,693
Provision for directors' bonuses	173	113	1,119
Other	13,805	14,148	140,079
Total current liabilities	146,746	143,973	1,425,475
Non-current liabilities			
Long-term loans payable	41,395	40,640	402,376
Lease obligations	2,271	2,215	21,931
Deferred tax liabilities for land revaluation	3,965	3,965	39,257
Provision for directors' retirement benefits	74	77	762
Provision for environmental measures	220	220	2,178
Net defined benefit liability	9,949	12,227	121,059
Asset retirement obligations	386	396	3,921
Other	2,077	1,739	17,218
Total non-current liabilities	60,339	61,482	608,733
Total liabilities	207,085	205,456	2,034,218
Net assets			
Shareholders' equity			
Capital stock	27,647	27,647	273,733
Capital surplus	29,543	29,543	292,505
Retained earnings	78,323	79,279	784,941
Treasury shares	(565)	(565)	(5,594)
Total shareholders' equity	134,948	135,904	1,345,584
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	4,354	5,733	56,762
Revaluation reserve for land	5,316	5,316	52,634
Foreign currency translation adjustment	3,651	2,677	26,505
Remeasurements of defined benefit plans	506	526	5,208
Total accumulated other comprehensive income	13,828	14,254	141,129
Minority interests	5,220	5,117	50,663
Total net assets	153,997	155,276	1,537,386
Total liabilities and net assets	361,083	360,732	3,571,604

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥101=US\$ 1, the approximate exchange rate prevailing on June 30, 2014.

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Three months ended June. 30, 2013	Three months ended June. 30, 2014	Three months ended June. 30, 2014
Net sales	83,058	90,131	892,386
Cost of sales	66,021	71,334	706,277
Gross profit	17,037	18,797	186,109
Selling, general and administrative expenses	12,185	13,730	135,941
Operating income	4,851	5,067	50,168
Non-operating income			
Interest income	45	60	594
Dividend income	405	175	1,733
Foreign exchange gains	373	-	-
Technical support fee	8	2	20
Share of profit of entities accounted for using equity	-	157	1,554
Other	221	281	2,782
Total non-operating income	1,053	677	6,703
Non-operating expenses			
Interest expenses	418	375	3,713
Foreign exchange losses	-	111	1,099
Share of loss of entities accounted for using equity	33	-	-
Other	146	108	1,069
Total non-operating expenses	598	595	5,891
Ordinary income	5,307	5,148	50,970
Extraordinary income			
Gain on sales of non-current assets	4	6	59
Total extraordinary income	4	6	59
Extraordinary losses			
Loss on disposal of non-current assets	70	54	535
Loss on sales of investment securities	0	-	-
Special retirement expenses	1	1	10
Other	-	0	0
Total extraordinary losses	72	57	564
Income before income taxes and minority interests	5,239	5,098	50,475
Income taxes - current	2,497	2,500	24,752
Refund of income taxes for prior periods	-	(670)	(6,634)
Income taxes - deferred	(633)	(892)	(8,832)
Total income taxes	1,864	937	9,277
Income before minority interests	3,375	4,160	41,188
Minority interests in income	121	172	1,703
Net income	3,253	3,988	39,485

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥101=US\$ 1, the approximate exchange rate prevailing on June 30, 2014.

Consolidated Statements of Comprehensive Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Three months ended June. 30, 2013	Three months ended June. 30, 2014	Three months ended June. 30, 2014
Income before minority interests	3,375	4,160	41,188
Other comprehensive income			
Valuation difference on available-for-sale securities	794	1,379	13,653
Foreign currency translation adjustment	2,738	(1,116)	(11,050)
Remeasurements of defined benefit plans, net of tax	—	31	307
Share of other comprehensive income of entities accounted for using equity method	290	70	693
Total other comprehensive income	3,823	364	3,604
Comprehensive income	7,198	4,524	44,792
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	7,014	4,413	43,693
Comprehensive income attributable to minority interests	184	111	1,099

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