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FLASH REPORT

May 10, 2016

Company name (official) : KYB Corporation 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. Consolidated financial result for the fiscal year (April 1, 2015 to March 31, 2016)

(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	355,384	(4.1)	15,610	14.9
Previous fiscal year	370,425	5.0	13,591	(25.2)

	Net income attributable to owners of parent		Net income attributable to owners of parent per share	
	(% change from the previous period)			
	Millions of yen		Yen	
Fiscal year	(2,237)	—	(8.76)	
Previous fiscal year	7,052	(44.7)	27.60	

(Note) Equity in earnings of affiliates (1,297) million yen [Previous fiscal year (19) 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	353,487	151,288	41.4	572.42
Previous fiscal year	384,929	174,258	43.7	658.92

(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	19,197	(19,456)	(3,498)	25,295
Previous fiscal year	21,123	(29,425)	(580)	30,510

2. Cash dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Previous fiscal year	—	5.00	—	7.00	12.00	3,065	43.5	1.9
Fiscal year	—	5.00	—	6.00	11.00	2,810	—	1.8
Current fiscal year (forecast)	—	5.00	—	6.00	11.00		35.6	

3. Forecast for the current fiscal year (April 1, 2016 to March 31, 2017)

	Net sales		Operating income		Net income attributable to owners of parent		Net income attributable to owners of parent per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Current fiscal year	342,000	—	13,000	—	7,900	—	30.92	

Notes) KYB voluntarily adopts International Financial Reporting Standards (IFRS) from the presentation of the consolidated financial statements in its annual securities report for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016). Consequently, the consolidated earnings forecast for the fiscal year ending March 31, 2017 is based on IFRS, instead of the Japanese accounting standards. Therefore, we don't mention the increase/decrease ratio.

Consolidated Balance Sheets

KYB Corporation and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2016
Assets			
Current assets			
Cash and deposits	31,752	26,131	231,884
Notes and accounts receivable - trade	87,755	77,434	687,142
Electronically recorded monetary claims - operating	3,493	5,368	47,635
Finished goods	25,365	25,553	226,755
Work in process	12,905	13,471	119,540
Raw materials and supplies	8,855	9,292	82,456
Deferred tax assets	4,756	4,172	37,022
Short-term loans receivable	116	118	1,047
Other	10,166	9,395	83,370
Allowance for doubtful accounts	(306)	(574)	(5,094)
Total current assets	184,859	170,363	1,511,785
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	52,018	52,213	463,333
Machinery, equipment and vehicles, net	63,849	60,471	536,614
Land	27,252	27,105	240,527
Leased assets, net	2,752	2,563	22,744
Construction in progress	14,519	10,047	89,156
Other, net	3,516	3,198	28,379
Total property, plant and equipment	163,910	155,598	1,380,761
Intangible assets			
Goodwill	316	210	1,864
Software	219	201	1,784
Other	1,440	1,331	11,811
Total intangible assets	1,976	1,744	15,476
Investments and other assets			
Investment securities	28,204	20,946	185,873
Net defined benefit asset	1,699	11	98
Deferred tax assets	2,189	2,673	23,720
Other	2,146	2,186	19,398
Allowance for doubtful accounts	(57)	(35)	(311)
Total investments and other assets	34,183	25,781	228,778
Total non-current assets	200,069	183,123	1,625,016
Total assets	384,929	353,487	3,136,809

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥112.69=US\$ 1, the approximate exchange rate prevailing on March 31, 2016.

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2016
Liabilities			
Current liabilities			
Notes and accounts payable - trade	63,545	58,787	521,670
Electronically recorded obligations - operating	1,445	1,379	12,237
Short-term loans payable	46,785	50,226	445,701
Lease obligations	574	555	4,925
Accounts payable - other	13,439	9,657	85,695
Income taxes payable	1,614	1,412	12,530
Notes payable - facilities	1,539	1,278	11,341
Provision for product warranties	6,783	4,957	43,988
Provision for directors' bonuses	226	214	1,899
Other	13,522	13,066	115,946
Total current liabilities	149,475	141,536	1,255,977
Non-current liabilities			
Long-term loans payable	42,623	38,179	338,797
Lease obligations	2,105	1,912	16,967
Deferred tax liabilities	5,157	972	8,625
Deferred tax liabilities for land revaluation	3,599	3,407	30,233
Provision for directors' retirement benefits	88	80	710
Provision for environmental measures	220	215	1,908
Net defined benefit liability	6,011	13,893	123,285
Asset retirement obligations	399	441	3,913
Other	989	1,560	13,843
Total non-current liabilities	61,195	60,663	538,318
Total liabilities	210,671	202,199	1,794,294
Net assets			
Shareholders' equity			
Capital stock	27,647	27,647	245,337
Capital surplus	29,543	29,414	261,017
Retained earnings	81,066	75,798	672,624
Treasury shares	(573)	(579)	(5,138)
Total shareholders' equity	137,684	132,281	1,173,849
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	9,671	5,793	51,407
Revaluation reserve for land	5,682	5,822	51,664
Foreign currency translation adjustment	9,640	3,830	33,987
Remeasurements of defined benefit plans	5,670	(1,488)	(13,204)
Total accumulated other comprehensive income	30,664	13,957	123,853
Non-controlling interests	5,909	5,049	44,804
Total net assets	174,258	151,288	1,342,515
Total liabilities and net assets	384,929	353,487	3,136,809

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥112.69=US\$ 1, the approximate exchange rate prevailing on March 31, 2016.

Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Year ended Mar. 31, 2016
Net sales	370,425	355,384	3,153,643
Cost of sales	299,603	285,029	2,529,319
Gross profit	70,822	70,355	624,323
Selling, general and administrative expenses	57,230	54,744	485,793
Operating income	13,591	15,610	138,522
Non-operating income			
Interest income	250	112	994
Dividend income	615	447	3,967
Foreign exchange gains	1,214	—	—
Technical support fee	808	895	7,942
Subsidy income	280	844	7,490
Other	984	1,442	12,796
Total non-operating income	4,154	3,743	33,215
Non-operating expenses			
Interest expenses	1,517	1,214	10,773
Foreign exchange losses	—	2,218	19,682
Share of loss of entities accounted for using equity	19	1,297	11,509
Other	356	356	3,159
Total non-operating expenses	1,893	5,086	45,133
Ordinary income	15,852	14,267	126,604
Extraordinary income			
Gain on sales of non-current assets	34	28	248
Gain on sales of investment securities	3	1,935	17,171
Reversal of foreign currency translation adjustment	—	192	1,704
Total extraordinary income	37	2,156	19,132
Extraordinary losses			
Loss on disposal of non-current assets	653	449	3,984
Impairment loss	2,032	4,044	35,886
Loss on valuation of investment securities	4	3	27
Special retirement expenses	26	13	115
Loss on violation of antitrust law	—	8,152	72,340
Other	0	62	550
Total extraordinary losses	2,717	12,725	112,920
Profit before income taxes	13,171	3,697	32,807
Income taxes - current	5,920	4,480	39,755
Refund of income taxes for prior periods	△670	—	—
Income taxes - deferred	602	930	8,253
Total income taxes	5,852	5,410	48,008
Profit (loss)	7,319	(1,713)	(15,201)
Profit attributable to non-controlling interests	266	523	4,641
Profit (loss) attributable to owners of parent	7,052	(2,237)	(19,851)

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥112.69=US\$ 1, the approximate exchange rate prevailing on March 31, 2016.

Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Year ended Mar. 31, 2016
Profit (loss)	7,319	(1,713)	(15,201)
Other comprehensive income			
Valuation difference on available-for-sale securities	5,317	(3,878)	(34,413)
Revaluation reserve for land	365	175	1,553
Foreign currency translation adjustment	6,155	(5,852)	(51,930)
Remeasurements of defined benefit plans, net of tax	5,161	(7,192)	(63,821)
Share of other comprehensive income of entities accounted for using equity method	362	(465)	(4,126)
Total other comprehensive income	17,361	(17,213)	(152,746)
Comprehensive income	24,680	(18,926)	(167,947)
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	23,888	(18,908)	(167,788)
Comprehensive income attributable to non-controlling interests	792	(18)	(160)

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥112.69=US\$ 1, the approximate exchange rate prevailing on March 31, 2016.

Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Year ended Mar. 31, 2016
Cash flows from operating activities			
Profit before income taxes	13,171	3,697	32,807
Depreciation	16,490	18,203	161,532
Loss (gain) on sales of non-current assets	(34)	(28)	(248)
Loss (gain) on disposal of non-current assets	653	449	3,984
Loss (gain) on sales of investment securities	(3)	(1,935)	(17,171)
Loss (gain) on valuation of investment securities	4	3	27
Loss on violation of antitrust law	—	8,152	72,340
Impairment loss	2,032	4,044	35,886
Reversal of foreign currency translation adjustment	—	(192)	(1,704)
Amortization of goodwill	190	106	941
Increase (decrease) in allowance for doubtful accounts	106	286	2,538
Increase (decrease) in net defined benefit asset and liability	(717)	(824)	(7,312)
Increase (decrease) in provision for product warranties	1,714	(1,772)	(15,725)
Increase (decrease) in provision for directors' retirement benefits	12	(6)	(53)
Increase (decrease) in provision for directors' bonuses	51	(11)	(98)
Increase (decrease) in provision for environmental measures	—	(4)	(35)
Interest and dividend income	(866)	(560)	(4,969)
Interest expenses	1,517	1,214	10,773
Share of (profit) loss of entities accounted for using equity method	19	1,297	11,509
Decrease (increase) in notes and accounts receivable - trade	(3,677)	5,716	50,723
Decrease (increase) in inventories	(481)	(3,385)	(30,038)
Increase (decrease) in notes and accounts payable - trade	1,563	(2,335)	(20,721)
Increase (decrease) in accounts payable - other	1,333	(1,309)	(11,616)
Other, net	(2,519)	1,328	11,785
Subtotal	30,562	32,134	285,154
Interest and dividend income received	1,326	891	7,907
Interest expenses paid	(1,536)	(1,282)	(11,376)
Income taxes paid	(9,279)	(4,484)	(39,791)
Income taxes refund	50	33	293
Payment related to antitrust law	—	(8,094)	(71,825)
Net cash provided by (used in) operating activities	21,123	19,197	170,352
Cash flows from investing activities			
Payments into time deposits	(1,287)	(332)	(2,946)
Proceeds from withdrawal of time deposits	1,566	664	5,892
Purchase of property, plant and equipment	(29,187)	(21,770)	(193,185)
Proceeds from sales of property, plant and equipment	157	349	3,097
Payments for retirement of property, plant and equipment	(119)	(15)	(133)
Purchase of investment securities	(306)	(7)	(62)
Proceeds from sales of investment securities	3	2,862	25,397
Purchase of shares of subsidiaries and associates	—	(604)	(5,360)
Payments for investments in capital of subsidiaries and associates	(232)	(90)	(799)
Payments of loans receivable	(331)	(292)	(2,591)
Collection of loans receivable	269	283	2,511
Other, net	42	(504)	(4,472)
Net cash provided by (used in) investing activities	(29,425)	(19,456)	(172,651)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	559	2,736	24,279
Repayments of lease obligations	(623)	(614)	(5,449)
Proceeds from long-term loans payable	16,392	14,547	129,089
Repayments of long-term loans payable	(14,243)	(16,164)	(143,438)
Proceeds from share issuance to non-controlling shareholders	205	—	—
Purchase of treasury shares	(8)	(6)	(53)
Proceeds from sales of treasury shares	1	0	0
Cash dividends paid	(2,555)	(3,065)	(27,199)
Dividends paid to non-controlling interests	(308)	(268)	(2,378)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(662)	(5,875)
Net cash provided by (used in) financing activities	(580)	(3,498)	(31,041)
Effect of exchange rate change on cash and cash equivalents	1,234	(1,457)	(12,929)
Net increase (decrease) in cash and cash equivalents	(7,648)	(5,214)	(46,269)
Cash and cash equivalents at beginning of period	38,132	30,510	270,743
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	26	—	—
Cash and cash equivalents at end of period	30,510	25,295	224,465

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥112.69=US\$ 1, the approximate exchange rate prevailing on March 31, 2016.

Segment Information

KYB Corporation and its Consolidated Subsidiaries

Year ended March 31, 2016

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 240,949	¥ 95,142	¥ 336,091	¥ 19,293	¥ 355,384	¥ —	¥ 355,384
Intersegment	135	2,937	3,073	1,824	4,897	(4,897)	—
Total sales	<u>241,085</u>	<u>98,079</u>	<u>339,165</u>	<u>21,117</u>	<u>360,282</u>	<u>(4,897)</u>	<u>355,384</u>
Segment Profits	14,312	(49)	14,263	1,320	15,583	26	15,610

Year ended March 31, 2016

	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	\$ 2,138,158	\$ 844,281	\$ 2,982,439	\$ 171,204	\$ 3,153,643	\$ —	\$ 3,153,643
Intersegment	1,198	26,063	27,270	16,186	43,455	(43,455)	—
Total sales	<u>2,139,365</u>	<u>870,343</u>	<u>3,009,717</u>	<u>187,390</u>	<u>3,197,107</u>	<u>(43,455)</u>	<u>3,153,643</u>
Segment Profits	127,003	(435)	126,568	11,714	138,282	231	138,522

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥112.69=US\$ 1, the approximate exchange rate prevailing on March 31, 2016.

Year ended March 31, 2015

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 237,086	¥ 113,222	¥ 350,309	¥ 20,115	¥ 370,425	¥ —	¥ 370,425
Intersegment	2,468	2,764	5,233	2,624	7,857	(7,857)	—
Total sales	<u>239,554</u>	<u>115,987</u>	<u>355,542</u>	<u>22,740</u>	<u>378,282</u>	<u>(7,857)</u>	<u>370,425</u>
Segment Profits	6,890	4,967	11,857	1,650	13,508	83	13,591