

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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General manager of finance and accounting Div.**1. Result for the fiscal year (April 1,2008 to March 31,2009)****(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	329,262 (-14.9%)	50 (-99.7%)
Previous fiscal year	387,080 (8.7%)	18,271 (25.4%)

	Net income	Net income per share
	(% change from the previous period)	
	Millions of yen	Yen
Fiscal year	(5,230) -	(23.62)
Previous fiscal year	8,398 (20.7%)	37.72

(Note) Equity in gains of affiliates 581 million [Previous fiscal year 612 million]

(2) Financial data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year	269,655	76,451	26.6	327.97
Previous fiscal year	289,739	91,739	29.8	387.45

(3) Scope of consolidation and equity method

Consolidated subsidiaries : 30 companies

Equity method of affiliates : 5 companies

2. Forecast for the current fiscal year (April 1,2009 to March 31,2010)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Current fiscal year	230,000	(8,000)	(8,000)	(6,600)

(Reference) Net income per share for the current fiscal year is forecasted to be -30.19 yen.

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2008 and 2009

ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2009
Current assets:			
Cash and time deposits	¥ 18,521	¥ 15,938	\$ 188,990
Trade receivables:			
Notes and accounts	66,844	99,792	682,082
Allowance for doubtful accounts	(311)	(952)	(3,174)
Marketable securities	—	734	—
Inventories	39,564	43,818	403,714
Deferred tax assets	3,362	3,910	34,306
Short-term loans receivable	17,143	4,551	174,929
Prepaid expenses and other current assets	1,751	802	17,867
Total current assets	146,874	168,593	1,498,714
Property, plant and equipment			
Land	21,978	19,173	224,265
Buildings and structures	58,185	54,424	593,725
Machinery, equipment and automobiles	209,557	209,487	2,138,337
Construction in progress	4,416	5,277	45,061
Lease assets	1,001	—	10,214
Total property, plant and equipment	295,137	288,361	3,011,602
Less: Accumulated depreciation	(190,638)	(186,566)	(1,945,285)
Net property, plant and equipment	104,499	101,795	1,066,317
Investments and other non-current assets:			
Investments in and loans to unconsolidated subsidiaries and affiliated companies	4,554	3,692	46,469
Investment securities	6,030	9,807	61,531
Lease deposits, loans and other long-term receivables	2,304	1,804	23,510
Deferred tax assets	5,616	3,396	57,306
Goodwill	90	325	918
Other assets	396	437	4,041
Allowance for doubtful accounts	(708)	(110)	(7,224)
Total investments and other non-current assets	18,282	19,351	186,551
Total assets	¥ 269,655	¥ 289,739	\$ 2,751,582

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on Mar 31, 2009.

May. 15, 2009

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2009
Current liabilities:			
Bank loans	¥ 28,043	¥ 26,245	\$ 286,153
Current maturities of long-term debt	3,908	4,333	39,878
Trade payables	47,326	78,581	482,917
Payables—other	9,391	13,457	95,827
Accrued expenses	6,480	9,726	66,122
Income taxes payable	372	2,065	3,796
Allowance for bonuses to directors and corporate auditors	59	121	602
Allowance for product warranty expenses	4,516	3,672	46,082
Other current liabilities	3,267	1,273	33,337
Total current liabilities	103,362	139,473	1,054,714
Long-term liabilities:			
Long-term debt less current maturities	71,770	39,785	732,347
Retirement benefits	11,977	13,134	122,214
Deferred tax liabilities on land revaluation	4,513	4,513	46,051
Allowance for environmental expenses	208	208	2,122
Other long-term liabilities	1,374	887	14,020
Total long-term liabilities	89,842	58,527	916,755
Net assets			
Common stock;			
Authorized—491,955,000 shares			
Issued—222,984,315 shares	19,114	19,114	195,041
Capital surplus	20,257	20,263	206,704
Retained earnings	33,056	39,078	337,306
Less: Treasury stock, at cost	(989)	(186)	(10,092)
Net unrealized holding gains on securities, net of taxes	764	2,825	7,796
Revaluation reserve for land, net of taxes	4,761	4,761	48,582
Unrealized gain from hedging instruments	49	8	500
Foreign currency translation adjustments	(5,311)	399	(54,194)
Minority interests in consolidated subsidiaries	4,750	5,477	48,469
Total net assets	76,451	91,739	780,112
Total liabilities and net assets	¥ 269,655	¥ 289,739	\$ 2,751,582

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on March 31, 2009.

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars
	year ended March. 31, 2009	year ended March. 31, 2008	year ended March. 31, 2009
Net sales	¥ 329,262	¥ 387,080	\$ 3,359,816
Cost of sales	287,663	324,401	2,935,337
Gross profit	41,599	62,679	424,479
Selling, general and administrative expenses	41,549	44,408	423,969
Operating income	50	18,271	510
Other income (expenses):			
Interest income	251	225	2,561
Dividend income	235	232	2,398
Royalty income	530	781	5,408
Equity in earnings of unconsolidated subsidiaries and affiliated companies	581	612	5,929
Subsidies income	413	—	4,214
Interest expense	(1,856)	(2,054)	(18,939)
Loss on disposal of inventories	(170)	(298)	(1,735)
Foreign exchange gain(loss), net	(2,547)	(667)	(25,989)
Gain on sale of property, plant and equipment	38	11	388
Loss on sale and disposal of property, plant and equipment	(418)	(694)	(4,265)
Gain on sale of investment securities	—	219	—
Reversal of allowance for uncollectibles	117	97	1,194
Severance and retirement benefit expenses	(518)	—	(5,286)
Allowance for product warranty expenses	—	(1,308)	—
Impairment loss on fixed assets	(1,028)	(430)	(10,490)
Valuation loss on inventories	(318)	—	(3,245)
Valuation loss on investment securities	(607)	(320)	(6,194)
Others	947	541	9,663
Net other income	(4,350)	(3,053)	(44,388)
Income before income taxes and minority interests	(4,300)	15,218	(43,878)
Income taxes			
Current	970	5,672	9,899
Deferred	19	456	194
Income before minority interests	(5,289)	9,090	(53,969)
Minority interests	59	(692)	602
Net income	¥ (5,230)	¥ 8,398	\$ (53,367)

	Yen		U.S. dollars
Amounts per share of common stock:			
Net income	¥ -23.62	¥ 37.72	\$ (0.24)
Cash dividends applicable to the year	3.50	7.00	0.04

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on March 31, 2009.

Consolidated Statement of Changes in Net Assets May 15, 2009

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2008 and 2009

Year ended March 31, 2009

	Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Revaluation reserve for land, net of taxes
Balance at March 31, 2008	¥ 19,114	¥ 20,263	¥ 39,078	¥ (186)	¥ 4,761
Changes at the beginning of current year due to application of PITF No.1£	—	—	57	—	—
Cash dividends paid	—	—	(1,558)	—	—
Net income	—	—	(5,230)	—	—
Acquisition of treasury stock	—	—	—	(813)	—
Disposal of treasury stock	—	(6)	—	10	—
Changes in the scope of consolidation	—	—	231	—	—
Changes in the scope of equity method	—	—	478	—	—
Net change of items other than shareholder's equity	—	—	—	—	—
Balance at March 31, 2009	<u>¥ 19,114</u>	<u>¥ 20,257</u>	<u>¥ 33,056</u>	<u>¥ (989)</u>	<u>¥ 4,761</u>

	Millions of yen				
	Net unrealized holding gains on securities, net of taxes	Unrealized gain from hedging instruments	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2008	¥ 2,825	¥ 8	¥ 399	¥ 5,477	¥ 91,739
Changes at the beginning of current year due to application of PITF No.1£	—	—	—	—	57
Cash dividends paid	—	—	—	—	(1,558)
Net income	—	—	—	—	(5,230)
Acquisition of treasury stock	—	—	—	—	(813)
Disposal of treasury stock	—	—	—	—	4
Changes in the scope of consolidation	—	—	—	—	231
Changes in the scope of equity method	—	—	—	—	478
Net change of items other than shareholder's equity	(2,061)	41	(5,710)	(727)	(8,457)
Balance at March 31, 2009	<u>¥ 764</u>	<u>¥ 49</u>	<u>¥ (5,311)</u>	<u>¥ 4,750</u>	<u>¥ 76,451</u>

Year ended March 31, 2009

	Thousands of U.S. dollars				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Revaluation reserve for land, net of taxes
Balance at March 31, 2008	\$ 195,041	\$ 206,765	\$ 398,754	\$ (1,898)	\$ 48,582
Changes at the beginning of current year due to application of PITF No.1£	—	—	582	—	—
Cash dividends paid	—	—	(15,898)	—	—
Net income	—	—	(53,367)	—	—
Acquisition of treasury stock	—	—	—	(8,296)	—
Disposal of treasury stock	—	(61)	—	102	—
Changes in the scope of consolidation	—	—	2,357	—	—
Changes in the scope of equity method	—	—	4,878	—	—
Net change of items other than shareholder's equity	—	—	—	—	—
Balance at March 31, 2009	<u>\$ 195,041</u>	<u>\$ 206,704</u>	<u>\$ 337,306</u>	<u>\$ (10,092)</u>	<u>\$ 48,582</u>

	Thousands of U.S. dollars				
	Net unrealized holding gains on securities, net of taxes	Unrealized gain from hedging instruments	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2008	\$ 28,827	\$ 82	\$ 4,071	\$ 55,887	\$ 936,111
Changes at the beginning of current year due to application of PITF No.1£	—	—	—	—	582
Cash dividends paid	—	—	—	—	(15,898)
Net income	—	—	—	—	(53,367)
Acquisition of treasury stock	—	—	—	—	(8,296)
Disposal of treasury stock	—	—	—	—	41
Changes in the scope of consolidation	—	—	—	—	2,357
Changes in the scope of equity method	—	—	—	—	4,878
Net change of items other than shareholder's equity	(21,031)	418	(58,265)	(7,418)	(86,296)
Balance at March 31, 2009	<u>\$ 7,796</u>	<u>\$ 500</u>	<u>\$ (54,194)</u>	<u>\$ 48,469</u>	<u>\$ 780,112</u>

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on March 31, 2009.

May. 15, 2009

Year ended March 31, 2008

	Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Revaluation reserve for land, net of taxes
Balance at March 31, 2007	¥ 19,114	¥ 20,263	¥ 32,350	¥ (162)	¥ 4,761
Cash dividends paid	—	—	(1,670)	—	—
Net income	—	—	8,398	—	—
Acquisition of treasury stock	—	—	—	(26)	—
Disposal of treasury stock	—	0	—	2	—
Net change of items other than shareholder's equity	—	—	—	—	—
Balance at March 31, 2008	<u>¥ 19,114</u>	<u>¥ 20,263</u>	<u>¥ 39,078</u>	<u>¥ (186)</u>	<u>¥ 4,761</u>

	Millions of yen				
	Net unrealized holding gains on securities, net of taxes	Unrealized gain from hedging instruments	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2007	¥ 5,287	¥ —	¥ 1,358	¥ 4,846	¥ 89,743
Cash dividends paid	—	—	—	—	(1,670)
Net income	—	—	—	—	8,398
Acquisition of treasury stock	—	—	—	—	(26)
Disposal of treasury stock	—	—	—	—	2
Net change of items other than shareholder's equity	(2,462)	8	(959)	631	(2,782)
Balance at March 31, 2008	<u>¥ 2,825</u>	<u>¥ 8</u>	<u>¥ 399</u>	<u>¥ 5,477</u>	<u>¥ 91,739</u>

Consolidated Statements of Cash Flows

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2009	Year ended Mar. 31, 2008	Year ended Mar. 31, 2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ (4,300)	¥ 15,218	\$ (43,878)
Depreciation and amortization	16,552	15,127	168,898
Gain on sale of property, plant and equipment	(38)	(11)	(388)
Loss on sale and disposal of property, plant and equipment	418	694	4,265
Patent settlement	-	-	-
Gain on sale of investment securities	-	(219)	-
Amortization of goodwill	235	597	2,398
Amortization of negative goodwill	(37)	(36)	(378)
Changes in allowance for doubtful accounts	(95)	(74)	(969)
Changes in retirement benefits	(1,097)	(1,810)	(11,194)
Interest and dividend income	(486)	(457)	(4,959)
Interest expense	1,856	2,054	18,939
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(581)	(612)	(5,929)
Changes in trade notes and accounts receivable	32,027	854	326,806
Changes in inventories	1,674	(424)	17,082
Changes in trade notes and accounts payable	(30,179)	(2,742)	(307,949)
Increase in allowance for directors and corporate auditors	(61)	1	(622)
Increase in allowance for environmental expenses	-	12	-
Increase in allowance for product warranty expenses	923	1,779	9,418
Changes in payables-other	(3,622)	(406)	(36,959)
Impairment loss	1,028	430	10,490
Appraisal loss on investment securities	607	320	6,194
Other, net	(282)	(638)	(2,878)
Subtotal	14,542	29,657	148,388
Interest and dividends received	949	1,025	9,684
Interest paid	(1,812)	(1,935)	(18,490)
Income taxes paid	(5,224)	(9,161)	(53,306)
Income taxes refunded	44	121	449
Payment for patent settlement	-	-	-
Net cash provided by operating activities	8,499	19,707	86,724
Cash flows from investing activities:			
Transfer to time deposits	(1,575)	(2,048)	(16,071)
Transfer from time deposits	1,171	1,318	11,949
Payment for acquisition of property, plant and equipment	(24,431)	(21,197)	(249,296)
Proceeds from sale of property, plant and equipment	396	104	4,041
Payment for acquisition of subsidiaries' stock	(473)	-	(4,827)
Payment for acquisition of investment securities	(1,126)	(277)	(11,490)
Proceeds from sale of investment securities	-	1,519	-
Payment for loans	(404)	(384)	(4,122)
Proceeds from collection of loans	260	268	2,653
Other, net	(323)	531	(3,296)
Net cash used in investing activities	(26,505)	(20,166)	(270,459)
Cash flows from financing activities:			
Increase in bank loans, net	2,954	984	30,143
Proceeds from long-term debt	36,475	9,982	372,194
Repayment of long-term debt	(4,550)	(4,812)	(46,429)
Payment for bond redemption	(55)	(100)	(561)
Acquisition and disposal of treasury stock, net	(809)	(24)	(8,255)
Cash dividends paid	(1,558)	(1,670)	(15,898)
Cash dividends paid for minority interests	(164)	(168)	(1,673)
Repayment of lease obligation	(93)	-	(949)
Net cash provided by(used in) financing activities	32,200	4,192	328,571
Effect of exchange rate changes on cash and cash equivalents	(1,235)	(311)	(12,602)
Net increase (decrease) in cash and cash equivalents	12,959	3,422	132,235
Cash and cash equivalents at beginning of year	20,073	16,651	204,827
Increase in cash and cash equivalents due to change of consolidation scope	1,240	-	-
Cash and cash equivalents at end of year	¥ 34,272	¥ 20,073	\$ 349,714

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on March 31, 2009.

Segment Information

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
As of March 31, 2008 and 2009

Business Segment

Year ended March 31, 2009

Millions of yen

	Hydraulic products	System products	Total	Elimination or unallocation	Consolidated
Sales:					
Outside customers	¥ 317,365	¥ 11,897	¥ 329,262	¥ —	¥ 329,262
Intersegment	342	1,897	2,239	(2,239)	—
Total sales	317,707	13,794	331,501	(2,239)	329,262
Operating expenses	311,315	13,217	324,532	4,680	329,212
Operating income	6,392	577	6,969	(6,919)	50

Year ended March 31, 2009

Thousands of U.S.dollars

	Hydraulic products	System products	Total	Elimination or unallocation	Consolidated
Sales:					
Outside customers	\$ 3,238,418	\$ 121,398	\$ 3,359,816	\$ —	\$ 3,359,816
Intersegment	3,490	19,357	22,847	(22,847)	—
Total sales	3,241,908	140,755	3,382,663	(22,847)	3,359,816
Operating expenses	3,176,684	134,867	3,311,551	47,755	3,359,306
Operating income	65,224	5,888	71,112	(70,602)	510

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on March 31, 2009.

Year ended March 31, 2008

Millions of yen

	Hydraulic products	System products	Total	Elimination or unallocation	Consolidated
Sales:					
Outside customer	¥ 373,868	¥ 13,212	¥ 387,080	¥ —	¥ 387,080
Intersegment	560	478	1,038	(1,038)	—
Total sales	374,428	13,690	388,118	(1,038)	387,080
Operating expenses	350,615	12,550	363,165	5,644	368,809
Operating income	23,813	1,140	24,953	(6,682)	18,271

Geographic Segment

Year ended March 31, 2009

		Millions of yen					
	Japan	North America	Europe	Other areas	Total	Elimination or unallocation	Consolidated
Sales:							
Outside customers	¥ 216,101	¥ 26,741	¥ 44,900	¥ 41,520	¥ 329,262	—	¥ 329,262
Intersegment	28,441	34	706	2,100	31,281	(31,281)	—
Total sales	244,542	26,775	45,606	43,620	360,543	(31,281)	329,262
Operating expenses	240,044	27,555	46,019	41,305	354,923	(25,711)	329,212
Operating income	4,498	(780)	(413)	2,315	5,620	(5,570)	50

Year ended March 31, 2009

		Thousands of U.S.dollars					
	Japan	North America	Europe	Other areas	Total	Elimination or unallocation	Consolidated
Sales:							
Outside customers	\$ 2,205,112	\$ 272,867	\$ 458,163	\$ 423,673	\$ 3,359,815	—	\$ 3,359,815
Intersegment	290,214	347	7,204	21,429	319,194	(319,194)	—
Total sales	2,495,326	273,214	465,367	445,102	3,679,009	(319,194)	3,359,815
Operating expenses	2,449,429	281,173	469,582	421,480	3,621,664	(262,357)	3,359,307
Operating income	45,897	(7,959)	(4,215)	23,622	57,345	(56,837)	508

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on March 31, 2009.

Year ended March 31, 2008

		Millions of yen					
	Japan	North America	Europe	Other areas	Total	Elimination or unallocation	Consolidated
Sales:							
Outside customer	¥ 258,490	¥ 36,256	¥ 55,021	¥ 37,313	¥ 387,080	—	¥ 387,080
Intersegment	23,441	33	998	2,702	27,174	(27,174)	—
Total sales	281,931	36,289	56,019	40,015	414,254	(27,174)	387,080
Operating expenses	263,137	36,243	55,540	36,148	391,068	(22,259)	368,809
Operating income	18,794	46	479	3,867	23,186	(4,915)	18,271

Overseas Sales

Year ended March 31, 2009

	Millions of yen					
	Southeast Asia	East Asia	Europe	North America	Other areas	Total
1.Overseas sales	¥ 17,785	¥ 26,293	¥ 52,490	¥ 35,795	¥ 13,784	¥ 146,147
2.Consolidated sales	—	—	—	—	—	329,262
3.Ratio of overseas sales (%)	5.4	8.0	15.9	10.9	4.2	44.4

Year ended March 31, 2009

	Thousands of U.S.dollars					
	Southeast Asia	East Asia	Europe	North America	Other areas	Total
1.Overseas sales	\$ 181,480	\$ 268,296	\$ 535,612	\$ 365,255	\$ 140,653	\$ 1,491,296
2.Consolidated sales	—	—	—	—	—	3,359,816
3.Ratio of overseas sales (%)	5.4	8.0	15.9	10.9	4.2	44.4

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥98=US\$ 1, the approximate exchange rate prevailing on March 31, 2009.

Year ended March 31, 2008

	Millions of yen					
	Southeast Asia	East Asia	Europe	North America	Other areas	Total
1.Overseas sales	¥ 19,385	¥ 25,751	¥ 62,204	¥ 47,138	¥ 14,875	¥ 169,353
2.Consolidated sales	—	—	—	—	—	¥ 387,080
3.Ratio of overseas sales (%)	5.0	6.7	16.1	12.2	3.8	43.8