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## FLASH REPORT

May 8, 2015

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, 2014 to March 31, 2015 )

#### (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	370,425	5.0	13,591	(25.2)
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
Fiscal year	7,052	(44.7)	27.60
Previous fiscal year	12,761	63.8	55.26

(Note) Equity in earnings of affiliates (19) million yen [Previous fiscal year 275 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	384,929	174,258	43.7	658.92
Previous fiscal year	361,083	153,997	41.2	582.28

#### (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	21,123	(29,425)	(580)	30,510
Previous fiscal year	28,788	(36,078)	5,708	38,132

### 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	-	4.00	-	5.00	9.00	2,161	16.3	1.6
Fiscal year	-	5.00	-	7.00	12.00	3,065	43.5	1.9
Current fiscal year (forecast)	-	5.00	-	6.00	11.00		30.5	

### 3. Forecast for the current fiscal year (April 1, 2015 to March 31, 2016)

	Net sales		Operating income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Current fiscal year	377,000	1.8	13,700	0.8	9,200	30.5	36.01

## Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2014	Mar. 31, 2015	Mar. 31, 2015
<b>Assets</b>			
Current assets			
Cash and deposits	39,505	31,752	264,600
Notes and accounts receivable - trade	86,443	91,249	760,408
Finished goods	24,642	25,365	211,375
Work in process	13,566	12,905	107,542
Raw materials and supplies	8,368	8,855	73,792
Deferred tax assets	4,815	4,756	39,633
Short-term loans receivable	45	116	967
Other	8,854	10,166	84,717
Allowance for doubtful accounts	(193)	(306)	(2,550)
Total current assets	186,048	184,859	1,540,492
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	47,362	52,018	433,483
Machinery, equipment and vehicles, net	54,846	63,849	532,075
Land	26,619	27,252	227,100
Leased assets, net	2,788	2,752	22,933
Construction in progress	13,012	14,519	120,992
Other, net	3,007	3,516	29,300
Total property, plant and equipment	147,636	163,910	1,365,917
Intangible assets			
Goodwill	622	316	2,633
Software	156	219	1,825
Other	1,391	1,440	12,000
Total intangible assets	2,170	1,976	16,467
Investments and other assets			
Investment securities	20,712	28,204	235,033
Net defined benefit asset	94	1,699	14,158
Deferred tax assets	1,934	2,189	18,242
Other	2,542	2,146	17,883
Allowance for doubtful accounts	(57)	(57)	(475)
Total investments and other assets	25,226	34,183	284,858
Total non-current assets	175,034	200,069	1,667,242
<b>Total assets</b>	<b>361,083</b>	<b>384,929</b>	<b>3,207,742</b>

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on March 31, 2015.

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2014	Mar. 31, 2015	Mar. 31, 2015
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable - trade	62,584	64,991	541,592
Short-term loans payable	44,206	46,785	389,875
Lease obligations	585	574	4,783
Accounts payable - other	11,701	13,439	111,992
Income taxes payable	5,501	1,614	13,450
Notes payable - facilities	2,966	1,539	12,825
Provision for product warranties	5,220	6,783	56,525
Provision for directors' bonuses	173	226	1,883
Other	13,805	13,522	112,683
<b>Total current liabilities</b>	<b>146,746</b>	<b>149,475</b>	<b>1,245,625</b>
Non-current liabilities			
Long-term loans payable	41,395	42,623	355,192
Lease obligations	2,271	2,105	17,542
Deferred tax liabilities	888	5,157	42,975
Deferred tax liabilities for land revaluation	3,965	3,599	29,992
Provision for directors' retirement benefits	74	88	733
Provision for environmental measures	220	220	1,833
Net defined benefit liability	9,949	6,011	50,092
Asset retirement obligations	386	399	3,325
Other	1,188	989	8,242
<b>Total non-current liabilities</b>	<b>60,339</b>	<b>61,195</b>	<b>509,958</b>
<b>Total liabilities</b>	<b>207,085</b>	<b>210,671</b>	<b>1,755,592</b>
<b>Net assets</b>			
Shareholders' equity			
Capital stock	27,647	27,647	230,392
Capital surplus	29,543	29,543	246,192
Retained earnings	78,323	81,066	675,550
Treasury shares	(565)	(573)	(4,775)
<b>Total shareholders' equity</b>	<b>134,948</b>	<b>137,684</b>	<b>1,147,367</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	4,354	9,671	80,592
Revaluation reserve for land	5,316	5,682	47,350
Foreign currency translation adjustment	3,651	9,640	80,333
Remeasurements of defined benefit plans	506	5,670	47,250
<b>Total accumulated other comprehensive income</b>	<b>13,828</b>	<b>30,664</b>	<b>255,533</b>
Minority interests	5,220	5,909	49,242
<b>Total net assets</b>	<b>153,997</b>	<b>174,258</b>	<b>1,452,150</b>
<b>Total liabilities and net assets</b>	<b>361,083</b>	<b>384,929</b>	<b>3,207,742</b>

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on March 31, 2015.

## Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Year ended Mar. 31, 2015
Net sales	352,710	370,425	3,086,875
Cost of sales	282,465	299,603	2,496,692
Gross profit	70,245	70,822	590,183
Selling, general and administrative expenses	52,074	57,230	476,917
Operating income	18,170	13,591	113,258
Non-operating income			
Interest income	232	250	2,083
Dividend income	517	615	5,125
Foreign exchange gains	485	1,214	10,117
Technical support fee	842	808	6,733
Share of profit of entities accounted for using equity	275	—	—
Other	2,143	1,264	10,533
Total non-operating income	4,496	4,154	34,617
Non-operating expenses			
Interest expenses	1,577	1,517	12,642
Share of loss of entities accounted for using equity	—	19	158
Other	698	356	2,967
Total non-operating expenses	2,276	1,893	15,775
Ordinary income	20,390	15,852	132,100
Extraordinary income			
Gain on sales of non-current assets	272	34	283
Gain on sales of investment securities	—	3	25
Gain on sales of shares of subsidiaries and associates	1,254	—	—
Total extraordinary income	1,527	37	308
Extraordinary losses			
Loss on disposal of non-current assets	436	653	5,442
Impairment loss	356	2,032	16,933
Loss on sales of investment securities	21	—	—
Loss on valuation of investment securities	13	4	33
Special retirement expenses	25	26	217
Loss on change in equity	32	—	—
Other	—	0	0
Total extraordinary losses	885	2,717	22,642
Income before income taxes and minority interests	21,032	13,171	109,758
Income taxes - current	8,124	5,920	49,333
Refund of income taxes for prior periods	—	(670)	(5,583)
Income taxes - deferred	(291)	602	5,017
Total income taxes	7,833	5,852	48,767
Income before minority interests	13,198	7,319	60,992
Minority interests in income	437	266	2,217
Net income	12,761	7,052	58,767

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on March 31, 2015.

## Consolidated Statements of Comprehensive Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Year ended Mar. 31, 2015
Income before minority interests	13,198	7,319	60,992
Other comprehensive income			
Valuation difference on available-for-sale securities	1,232	5,317	44,308
Revaluation reserve for land	—	365	3,042
Foreign currency translation adjustment	5,763	6,155	51,292
Remeasurements of defined benefit plans, net of tax	—	5,161	43,008
Share of other comprehensive income of entities accounted for using equity method	115	362	3,017
Total other comprehensive income	7,111	17,361	144,675
Comprehensive income	20,310	24,680	205,667
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	19,664	23,888	199,067
Comprehensive income attributable to minority interests	645	792	6,600

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on March 31, 2015.

## Consolidated Statements of Cash Flows

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Year ended Mar. 31, 2015
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	21,032	13,171	109,758
Depreciation	17,293	16,490	137,417
Loss (gain) on sales of non-current assets	(272)	(34)	(283)
Loss (gain) on disposal of non-current assets	436	653	5,442
Loss (gain) on sales of investment securities	21	(3)	(25)
Loss (gain) on valuation of investment securities	13	4	33
Loss (gain) on sales of shares of subsidiaries and associates	(1,254)	—	—
Impairment loss	356	2,032	16,933
Amortization of goodwill	156	190	1,583
Amortization of negative goodwill	(0)	—	—
Increase (decrease) in allowance for doubtful accounts	(349)	106	883
Increase (decrease) in net defined benefit asset and liability	240	(717)	(5,975)
Increase (decrease) in provision for product warranties	1,307	1,714	14,283
Increase (decrease) in provision for directors' retirement benefits	3	12	100
Increase (decrease) in provision for directors' bonuses	25	51	425
Increase (decrease) in provision for environmental measures	(2)	—	—
Interest and dividend income	(749)	(866)	(7,217)
Interest expenses	1,577	1,517	12,642
Share of (profit) loss of entities accounted for using equity method	(275)	19	158
Decrease (increase) in notes and accounts receivable - trade	(3,935)	(3,677)	(30,642)
Decrease (increase) in inventories	(1,746)	(481)	(4,008)
Increase (decrease) in notes and accounts payable - trade	519	1,563	13,025
Increase (decrease) in accounts payable - other	276	1,333	11,108
Other, net	(1,281)	(2,519)	(20,992)
Subtotal	33,391	30,562	254,683
Interest and dividend income received	1,303	1,326	11,050
Interest expenses paid	(1,718)	(1,536)	(12,800)
Income taxes paid	(4,188)	(9,279)	(77,325)
Income taxes refund	—	50	417
Net cash provided by (used in) operating activities	28,788	21,123	176,025
<b>Cash flows from investing activities</b>			
Payments into time deposits	(839)	(1,287)	(10,725)
Proceeds from withdrawal of time deposits	870	1,566	13,050
Purchase of property, plant and equipment	(35,550)	(29,187)	(243,225)
Proceeds from sales of property, plant and equipment	859	157	1,308
Payments for retirement of property, plant and equipment	—	(119)	(992)
Purchase of investment securities	(1,474)	(306)	(2,550)
Purchase of shares of subsidiaries and associates	(474)	—	—
Proceeds from sales of shares of subsidiaries and associates	1,793	—	—
Payments for investments in capital of subsidiaries and associates	—	(232)	(1,933)
Payments of loans receivable	(252)	(331)	(2,758)
Collection of loans receivable	279	269	2,242
Other, net	(1,290)	45	375
Net cash provided by (used in) investing activities	(36,078)	(29,425)	(245,208)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	3,251	559	4,658
Repayments of lease obligations	(476)	(623)	(5,192)
Proceeds from long-term loans payable	12,265	16,392	136,600
Repayments of long-term loans payable	(25,187)	(14,243)	(118,692)
Proceeds from issuance of common shares	17,067	—	—
Proceeds from share issuance to minority shareholders	1,014	205	1,708
Purchase of treasury shares	(16)	(8)	(67)
Proceeds from sales of treasury shares	0	1	8
Cash dividends paid	(1,768)	(2,555)	(21,292)
Cash dividends paid to minority shareholders	(441)	(308)	(2,567)
Net cash provided by (used in) financing activities	5,708	(580)	(4,833)
Effect of exchange rate change on cash and cash equivalents	1,836	1,234	10,283
Net increase (decrease) in cash and cash equivalents	255	(7,648)	(63,733)
Cash and cash equivalents at beginning of period	35,215	38,132	317,767
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	2,661	—	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	26	217
Cash and cash equivalents at end of period	38,132	30,510	254,250

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on March 31, 2015.

## Segment Information

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

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

Year ended March 31, 2015

	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	\$ 1,975,717	\$ 943,517	\$ 2,919,242	\$ 167,625	\$ 3,086,875	\$ —	\$ 3,086,875
Intersegment	20,567	23,033	43,608	21,867	65,475	(65,475)	—
Total sales	<u>1,996,283</u>	<u>966,558</u>	<u>2,962,850</u>	<u>189,500</u>	<u>3,152,350</u>	<u>(65,475)</u>	<u>3,086,875</u>
Segment Profits	57,417	41,392	98,808	13,750	112,567	692	113,258

Note: U.S. dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on March 31, 2015.

Year ended March 31, 2014

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 218,948	¥ 115,485	¥ 334,433	¥ 18,276	¥ 352,710	¥ —	¥ 352,710
Intersegment	2,501	2,783	5,284	2,530	7,815	(7,815)	—
Total sales	<u>221,449</u>	<u>118,268</u>	<u>339,718</u>	<u>20,807</u>	<u>360,525</u>	<u>(7,815)</u>	<u>352,710</u>
Segment Profits	9,152	7,994	17,146	1,123	18,270	(100)	18,170