



Our Precision, Your Advantage

FLASH REPORT

May 11, 2012

Company name (official) : KYB Corporation (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
 Telephone : (03) 3435-3541

For further information, please contact : Hitoshi Arakawa, General Manager of Finance Dept. Finance & Accounting Div.

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 1,2011 to March 31,2012)

(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	337,158	5.3	21,537	(10.8)
Previous fiscal year	320,082	27.0	24,151	519.9

	Net income		Net income per share
	(% change from the previous period)		
	Millions of yen		Yen
Fiscal year	13,897	(18.3)	62.87
Previous fiscal year	17,014	—	77.54

(Note) Equity in earnings of affiliates 870 million [Previous fiscal year 1,192 million]

(2) Financial data

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Fiscal year	301,348	102,761	33.2
Previous fiscal year	285,134	89,964	30.6

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	—	5.00	9.00
Current fiscal year (forecast)	—	4.00	—	5.00	9.00

3. Forecast for the current fiscal year (April 1,2011 to March 31,2012)

	Net sales	Operating income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Current fiscal year	335,000	18,000	11,000	49.76

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2012
Current assets:			
Cash and deposits	¥ 36,460	¥ 46,208	\$ 444,634
Notes and accounts receivable-trade	86,582	80,184	1,055,878
Finished goods	17,121	16,534	208,793
Work in process	12,229	12,879	149,134
Raw materials and supplies	8,581	8,098	104,646
Deferred tax assets	3,996	4,107	48,732
Short-term loans receivable	7,042	5,051	85,878
Other	7,885	5,058	96,159
Allowance for doubtful accounts	(437)	(469)	(5,329)
Total current assets	179,462	177,654	2,188,561
Property, plant and equipment:			
Buildings and structures, net	26,864	24,144	327,610
Machinery, equipment and vehicles, net	41,537	35,910	506,549
Land	23,341	22,324	284,646
Lease assets, net	1,767	1,725	21,549
Construction in progress	5,747	4,318	70,085
Other, net	2,302	2,397	28,073
Total property, plant and equipment	101,562	90,821	1,238,561
Intangible assets:			
Goodwill	5	16	61
Software	58	67	707
Other	1,109	1,107	13,524
Total intangible assets	1,173	1,191	14,305
Investments and other non-current assets			
Investment securities	14,709	10,258	179,378
Deferred tax assets	2,865	3,418	34,939
Other	1,625	1,828	19,817
Allowance for doubtful accounts	(49)	(38)	(598)
Total investments and other assets	19,150	15,467	233,537
Total noncurrent assets	121,886	107,479	1,486,415
Total assets	¥ 301,348	¥ 285,134	\$ 3,674,976

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥82=US\$ 1, the approximate exchange rate prevailing on [March 31, 2012](#).

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2012
Current liabilities:			
Notes and accounts payable-trade	¥ 69,596	¥ 68,340	\$ 848,732
Short-term loans payable	35,160	34,802	428,780
Lease obligations	341	293	4,159
Accounts payable-other	12,006	7,083	146,415
Income taxes payable	3,313	4,959	40,402
Notes payable-facilities	2,721	756	33,183
Provision for product warranties	3,339	2,949	40,720
Provision for directors' bonuses	159	311	1,939
Other	10,819	12,134	131,939
Total current liabilities	137,456	131,630	1,676,293
Noncurrent liabilities:			
Long-term loans payable	43,226	44,774	527,146
Lease obligations	1,464	1,455	17,854
Asset retirement obligations	354	209	4,317
Deferred tax liabilities for land revaluation	3,965	4,513	48,354
Provision for retirement benefits	10,431	10,767	127,207
Provision for directors' retirement benefits	264	666	3,220
Provision for environmental measures	222	222	2,707
Other	1,199	930	14,622
Total noncurrent liabilities	61,130	63,539	745,488
Total liabilities	198,586	195,169	2,421,780
Net assets:			
Shareholders' equity			
Capital stock	19,113	19,113	233,085
Capital surplus	21,009	21,008	256,207
Retained earnings	61,416	49,293	748,976
Treasury stock	(544)	(531)	(6,634)
Total shareholders' equity	100,995	88,883	1,231,646
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,107	1,365	25,695
Revaluation reserve for land	5,316	4,768	64,829
Foreign currency translation adjustment	(8,283)	(7,652)	(101,012)
Total accumulated other comprehensive income	(859)	(1,518)	(10,476)
Minority interests	2,626	2,599	32,024
Total net assets	102,761	89,964	1,253,183
Total liabilities and net assets	301,348	¥ 285,134	\$ 3,674,976

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥82=US\$ 1, the approximate exchange rate prevailing on [March 31, 2012](#).

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2012	Year ended Mar. 31, 2011	Year ended Mar. 31, 2012
Net sales	¥ 337,158	¥ 320,082	\$ 4,267,823
Cost of sales	273,087	257,006	3,456,797
Gross profit	64,070	63,075	811,013
Selling, general and administrative expenses	42,533	38,924	538,392
Operating income	21,537	24,151	272,620
Non-operating income			
Interest income	211	197	2,671
Dividends income	401	239	5,076
Technical support fee	837	762	10,595
Equity in earnings of affiliates	870	1,192	11,013
Government subsidies for employment adjustment	68	25	861
Subsidy income	279	156	3,532
Other	851	758	10,772
Total non-operating income	3,520	3,332	44,557
Non-operating expenses			
Interest expenses	1,555	1,675	19,684
Foreign exchange losses	351	1,492	4,443
Other	395	343	5,000
Total non-operating expenses	2,302	3,511	29,139
Ordinary income	22,755	23,972	288,038
Extraordinary income			
Gain on sales of noncurrent assets	33	55	418
Gain on negative goodwill	—	718	—
Gain on sales of investment securities	0	5	0
Gain on sales of subsidiaries and affiliates' stocks	26	410	329
Reversal of allowance for doubtful accounts	—	50	—
Other	—	230	—
Total extraordinary income	60	1,470	759
Extraordinary loss			
Loss on disposal of noncurrent assets	309	351	3,911
Impairment loss	481	260	6,089
Loss on valuation of investment securities	3	0	38
Loss on valuation of investment in capital of subsidiaries and affiliates	87	—	1,101
Special retirement expenses	166	213	2,101
Business structure improvement expenses	—	2	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	165	—
Other	8	10	101
Total extraordinary losses	1,056	1,003	13,367
Income before income taxes and minority interests	21,759	24,439	275,430
Income taxes-current	6,928	5,975	87,696
Refund of income taxes	—	(109)	—
Income taxes-deferred	388	987	4,911
Total income taxes	7,317	6,854	92,620
Income before minority interests	14,441	17,584	182,797
Minority interests in income (loss)	544	570	6,886
Net income	¥ 13,897	17,014	\$ 175,911
	Yen		U.S. dollars
Amounts per share of common stock:			
Net income	¥ 62.87	¥ 77.54	\$ 0.80
Cash dividends applicable to the year	9.00	8.00	0.11

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥79=US\$ 1, the approximate exchange rate prevailing on March 31, 2012.

Consolidated Statements of Cash Flows

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2012	Year ended Mar. 31, 2011	Year ended Mar. 31, 2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 21,759	¥ 24,439	\$ 275,430
Depreciation and amortization	13,508	13,426	170,987
Loss (gain) on sales of noncurrent assets	(33)	(55)	(418)
Loss (gain) on disposal of noncurrent assets	309	351	3,911
Loss (gain) on sales of investment securities	(5)	(0)	(63)
Loss (gain) on valuation of investment securities	3	0	38
Loss (gain) on valuation of investments in capital of subsidiaries and affiliates	87	—	1,101
Loss (gain) on sales of stocks of subsidiaries and affiliates	(26)	(410)	(329)
Impairment loss	481	260	6,089
Amortization of goodwill	17	33	215
Amortization of negative goodwill	(1)	(37)	(13)
Gain on negative goodwill	—	(718)	—
Increase (decrease) in allowance for doubtful accounts	8	(26)	101
Increase (decrease) in provision for retirement benefits	(289)	(234)	(3,658)
Increase (decrease) in provision for product warranties	449	(956)	5,684
Increase (decrease) in provision for directors' retirement benefits	(2)	(17)	(25)
Increase (decrease) in provision for directors' bonuses	(151)	258	(1,911)
Increase (decrease) in provision for environmental measures	—	15	—
Increase (decrease) in provision for business structure improvement	—	(119)	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	165	—
Interest and dividends income	(612)	(437)	(7,747)
Interest expenses	1,555	1,675	19,684
Equity in earnings of affiliates	(870)	(1,192)	(11,013)
Decrease (increase) in notes and accounts receivable-trade	(7,098)	(13,347)	(89,848)
Decrease (increase) in inventories	(1,480)	(4,847)	(18,734)
Increase (decrease) in notes and accounts payable-trade	1,593	15,839	20,165
Increase (decrease) in accounts payable-other	957	1,464	12,114
Other, net	(4,321)	2,461	(54,696)
Subtotal	25,841	37,988	327,101
Interest and dividends income received	1,316	847	16,658
Interest expenses paid	(1,507)	(1,717)	(19,076)
Income taxes paid	(8,527)	(1,916)	(107,937)
Income taxes refund	276	231	3,494
Net cash provided by (used in) operating activities	17,399	35,433	220,241
Cash flows from investing activities:			
Payments into time deposits	(856)	(6,920)	(10,835)
Proceeds from withdrawal of time deposits	2,427	5,644	30,722
Purchase of property, plant and equipment	(19,200)	(7,665)	(243,038)
Proceeds from sales of property, plant and equipment	281	566	3,557
Purchase of investment securities	(2,913)	(47)	(36,873)
Purchase of stocks of subsidiaries and affiliates	—	(225)	—
Proceeds from sales of stocks of subsidiaries and affiliates	—	1,349	—
Payments for investments in capital of subsidiaries and affiliates	(252)	(165)	(3,190)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(239)	—	(3,025)
Payments of loans receivable	(193)	(285)	(2,443)
Collection of loans receivable	1,087	692	13,759
Other, net	(140)	(176)	(1,772)
Net cash provided by (used in) investing activities	(20,000)	(7,233)	(253,165)
Cash flows from financing activities:			
Net decrease in short-term loans payable	6,476	(7,756)	81,975
Repayments of lease obligations	(354)	(285)	(4,481)
Proceeds from long-term loans payable	13,975	2,106	176,899
Repayment of long-term loans payable	(21,501)	(8,986)	(272,165)
Redemption of bonds	—	(10)	—
Purchase of treasury stock	(12)	(477)	(152)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(1,768)	(1,416)	(22,380)
Cash dividends paid to minority shareholders	(269)	(141)	(3,405)
Net cash provided by (used in) financing activities	(3,454)	(16,967)	(43,722)
Effect of exchange rate change on cash and cash equivalents	(180)	(753)	(2,278)
Net increase in cash and cash equivalents	(6,236)	10,478	(78,937)
Cash and cash equivalents at beginning of period	48,122	37,663	609,139
Increase in cash and cash equivalents resulting from change of scope of consolidation	123	—	1,557
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(19)	—
Cash and cash equivalents at end of period	¥ 42,009	48,122	\$ 531,759

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥79=US\$ 1, the approximate

Segment Information

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

Year ended March 31, 2012

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 186,664	¥ 137,522	¥ 324,186	¥ 12,971	¥ 337,158	¥ —	¥ 337,158
Intersegment	2,181	1,945	4,126	1,423	5,550	(5,550)	—
Total sales	<u>188,845</u>	<u>139,468</u>	<u>328,313</u>	<u>14,395</u>	<u>342,709</u>	<u>(5,550)</u>	<u>337,158</u>
Segment Profits	6,154	14,299	20,453	989	21,443	94	21,537

Year ended March 31, 2012

	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	\$ 2,362,835	\$ 1,740,785	\$ 4,103,620	\$ 164,190	\$ 4,267,823	\$ —	\$ 4,267,823
Intersegment	27,608	24,620	52,228	18,013	70,253	(70,253)	—
Total sales	<u>2,390,443</u>	<u>1,765,418</u>	<u>4,155,861</u>	<u>182,215</u>	<u>4,338,089</u>	<u>(70,253)</u>	<u>4,267,823</u>
Segment Profits	77,899	181,000	258,899	12,519	271,430	1,190	272,620

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥79=US\$ 1, the approximate exchange rate prevailing on March 31, 2012.

Year ended March 31, 2011

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 186,795	¥ 121,221	¥ 308,016	¥ 12,066	¥ 320,082	¥ —	¥ 320,082
Intersegment	167	1,588	1,756	1,745	3,501	(3,501)	—
Total sales	<u>186,962</u>	<u>122,809</u>	<u>309,772</u>	<u>13,811</u>	<u>323,583</u>	<u>(3,501)</u>	<u>320,082</u>
Segment Profits	10,181	13,941	24,123	76	24,200	(48)	24,151