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FLASH REPORT

November 6, 2012

Company name (official) : KYB Corporation (KAYABA INDUSTRY CO., LTD.)

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 fiscal first half-year (April 1,2012 to September 30,2012)

(1) Operating results

	Net sales		Operating income	
	(% change from the previous period)		(% change from the previous period)	
	Millions of yen		Millions of yen	
Fiscal first half-year	154,347	(6.3)	7,055	(43.5)
Previous corresponding period	164,727	5.6	12,486	(1.0)
Previous fiscal year	337,158	5.3	21,537	(10.8)

	Net income		Net income per share
	(% change from the previous period)		
	Millions of yen		Yen
Fiscal first half-year	3,929	(45.0)	17.78
Previous corresponding period	7,147	(11.3)	32.33
Previous fiscal year	13,897	(18.3)	62.87

(2) Financial data

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Fiscal first half-year	302,908	101,480	32.7
Previous fiscal year	301,348	102,761	33.2

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	–	4.00			
Fiscal year (forecast)			–	4.00	8.00

3. Forecast for the current fiscal year (April 1,2012 to March 31,2013)

	Net sales	Operating income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Current fiscal year	298,500	10,500	5,500	24.88

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

ASSETS	Millions of yen		Thousands of U.S. dollars
	Sep.30, 2012	Mar. 31, 2012	Sep.30, 2012
Current assets:			
Cash and deposits	¥ 35,459	¥ 36,460	\$ 454,603
Notes and accounts receivable-trade	80,346	86,582	1,030,077
Finished goods	16,838	17,121	215,872
Work in process	12,622	12,229	161,821
Raw materials and supplies	8,208	8,581	105,231
Deferred tax assets	3,797	3,996	48,679
Short-term loans receivable	9,043	7,042	115,936
Other	6,904	7,885	88,513
Allowance for doubtful accounts	(415)	(437)	(5,321)
Total current assets	172,805	179,462	2,215,449
Property, plant and equipment:			
Buildings and structures, net	27,910	26,864	357,821
Machinery, equipment and vehicles, net	41,414	41,537	530,949
Land	23,600	23,341	302,564
Lease assets, net	1,828	1,767	23,436
Construction in progress	13,566	5,747	173,923
Other, net	2,605	2,302	33,397
Total property, plant and equipment	110,924	101,562	1,422,103
Intangible assets:			
Goodwill	4	5	51
Software	74	58	949
Other	1,065	1,109	13,654
Total intangible assets	1,144	1,173	14,667
Investments and other noncurrent assets			
Investment securities	12,896	14,709	165,333
Deferred tax assets	3,620	2,865	46,410
Other	1,580	1,625	20,256
Allowance for doubtful accounts	(63)	(49)	(808)
Total investments and other assets	18,033	19,150	231,192
Total noncurrent assets	130,102	121,886	1,667,974
Total assets	¥ 302,908	¥ 301,348	\$ 3,883,436

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥78=US\$ 1, the approximate exchange rate prevailing on [September 30, 2012](#).

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	Sep.30, 2012	Mar. 31, 2012	Sep.30, 2012
Current liabilities:			
Notes and accounts payable-trade	¥ 62,503	¥ 69,596	\$ 801,321
Short-term loans payable	42,091	35,160	539,628
Lease obligations	369	341	4,731
Accounts payable-other	11,025	12,006	141,346
Income taxes payable	1,544	3,313	19,795
Notes payable-facilities	6,738	2,721	86,385
Provision for product warranties	3,381	3,339	43,346
Provision for directors' bonuses	71	159	910
Other	11,350	10,819	145,513
Total current liabilities	139,076	137,456	1,783,026
Noncurrent liabilities:			
Long-term loans payable	44,372	43,226	568,872
Lease obligations	1,499	1,464	19,218
Asset retirement obligations	370	354	4,744
Deferred tax liabilities for land revaluation	3,965	3,965	50,833
Provision for retirement benefits	10,559	10,431	135,372
Provision for directors' retirement benefits	202	264	2,590
Provision for environmental measures	222	222	2,846
Other	1,157	1,199	14,833
Total noncurrent liabilities	62,350	61,130	799,359
Total liabilities	201,427	198,586	2,582,397
Net assets:			
Shareholders' equity			
Capital stock	19,113	19,113	245,038
Capital surplus	21,009	21,009	269,346
Retained earnings	64,241	61,416	823,603
Treasury stock	(544)	(544)	(6,974)
Total shareholders' equity	103,819	100,995	1,331,013
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	607	2,107	7,782
Revaluation reserve for land	5,316	5,316	68,154
Foreign currency translation adjustment	(10,596)	(8,283)	(135,846)
Total accumulated other comprehensive income	(4,671)	(859)	(59,885)
Minority interests	2,333	2,626	29,910
Total net assets	101,480	102,761	1,301,026
Total liabilities and net assets	302,908	¥ 301,348	\$ 3,883,436

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥78=US\$ 1, the approximate exchange rate prevailing on [September 30, 2012](#).

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Half-year ended Sep. 30, 2012	Half-year ended Sep. 30, 2011	Half-year ended Sep. 30, 2012
Net sales	¥ 154,347	¥ 164,727	\$ 1,978,808
Cost of sales	125,525	131,171	1,609,295
Gross profit	28,822	33,556	369,513
Selling, general and administrative expenses	21,766	21,069	279,051
Operating income	7,055	12,486	90,449
Non-operating income			
Interest income	65	96	833
Dividends income	199	305	2,551
Technical support fee	129	109	1,654
Equity in earnings of affiliates	266	559	3,410
Subsidy income	114	87	1,462
Other	496	417	6,359
Total non-operating income	1,271	1,575	16,295
Non-operating expenses			
Interest expenses	853	792	10,936
Foreign exchange losses	820	1,056	10,513
Other	189	216	2,423
Total non-operating expenses	1,862	2,066	23,872
Ordinary income	6,464	11,996	82,872
Extraordinary income			
Gain on sales of noncurrent assets	82	11	1,051
Gain on sales of subsidiaries and affiliates' stocks	—	26	—
Total extraordinary income	82	38	1,051
Extraordinary loss			
Loss on disposal of noncurrent assets	183	128	2,346
Impairment loss	16	120	205
Loss on valuation of investment securities	8	3	103
Special retirement expenses	89	26	1,141
Total extraordinary losses	297	278	3,808
Income before income taxes and minority interests	6,248	11,756	80,103
Income taxes-current	1,986	3,816	25,462
Income taxes-deferred	144	510	1,846
Total income taxes	2,130	4,327	27,308
Income before minority interests	4,117	7,429	52,782
Minority interests in income	187	281	2,397
Net income	¥ 3,929	7,147	\$ 50,372

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥78=US\$ 1, the approximate exchange rate prevailing on [September 30, 2012](#).

Consolidated Statements of Cash Flows

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Half-year ended Sep. 30, 2012	Half-year ended Sep. 30, 2011	Half-year ended Sep. 30, 2012
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥ 6,248	¥ 11,756	\$ 80,103
Depreciation and amortization	6,607	6,166	84,705
Loss (gain) on sales of noncurrent assets	(82)	(11)	(1,051)
Loss (gain) on disposal of noncurrent assets	183	128	2,346
Loss (gain) on sales and valuation of investment securities	8	3	103
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	(26)	—
Impairment loss	16	120	205
Amortization of goodwill	0	16	0
Amortization of negative goodwill	(0)	(0)	(0)
Increase (decrease) in allowance for doubtful accounts	13	16	167
Increase (decrease) in provision for retirement benefits	128	(135)	1,641
Increase (decrease) in provision for product warranties	144	(16)	1,846
Increase (decrease) in provision for directors' bonuses	(87)	(210)	(1,115)
Increase (decrease) in provision for directors' retirement benefits	(61)	(19)	(782)
Interest and dividends income	(264)	(401)	(3,385)
Interest expenses	853	792	10,936
Equity in (earnings) losses of affiliates	(266)	(559)	(3,410)
Decrease (increase) in notes and accounts receivable-trade	4,795	(7,485)	61,474
Decrease (increase) in inventories	(551)	(528)	(7,064)
Increase (decrease) in notes and accounts payable-trade	(5,823)	1,536	(74,654)
Increase (decrease) in accounts payable-other	(193)	346	(2,474)
Other, net	1,192	(2,740)	15,282
Subtotal	12,859	8,746	164,859
Interest and dividends income received	663	952	8,500
Interest expenses paid	(832)	(830)	(10,667)
Income taxes paid	(3,707)	(5,350)	(47,526)
Income taxes refund	43	159	551
Net cash provided by (used in) operating activities	9,025	3,677	115,705
Net cash provided by (used in) investing activities			
Payments into time deposits	(456)	(725)	(5,846)
Proceeds from withdrawal of time deposits	692	2,180	8,872
Purchase of property, plant and equipment	(14,272)	(8,823)	(182,974)
Proceeds from sales of property, plant and equipment	110	234	1,410
Purchase of investment securities	(603)	(302)	(7,731)
Purchase of stocks of subsidiaries and affiliates	(109)	—	(1,397)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(277)	—
Payments for investments in capital of subsidiaries and affiliates	—	(252)	—
Payments of loans receivable	(77)	(90)	(987)
Collection of loans receivable	76	995	974
Other, net	(55)	117	(705)
Net cash provided by (used in) investing activities	(14,696)	(6,945)	(188,410)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	4,113	2,098	52,731
Repayments of lease obligations	(203)	(159)	(2,603)
Proceeds from long-term loans payable	10,169	65	130,372
Repayment of long-term loans payable	(5,079)	(15,062)	(65,115)
Purchase of treasury stock	(1)	(6)	(13)
Proceeds from sales of treasury stock	0	0	0
Cash dividends paid	(1,105)	(884)	(14,167)
Cash dividends paid to minority shareholders	(392)	(269)	(5,026)
Net cash provided by (used in) financing activities	7,500	(14,217)	96,154
Effect of exchange rate change on cash and cash equivalents	(570)	(250)	(7,308)
Net increase (decrease) in cash and cash equivalents	1,259	(17,735)	16,141
Cash and cash equivalents at beginning of period	42,009	48,122	538,577
Increase in cash and cash equivalents from newly consolidated subsidiary	—	123	—
Cash and cash equivalents at end of period	¥ 43,268	30,510	\$ 554,718

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥78=US\$ 1, the approximate exchange rate prevailing on [September 30, 2012](#).

Segment Information

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

First half-year ended September 30, 2012

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 90,562	¥ 56,801	¥ 147,364	¥ 6,983	¥ 154,347	¥ —	¥ 154,347
Intersegment	1,073	1,196	2,269	574	2,844	(2,844)	—
Total sales	91,636	57,997	149,633	7,558	157,191	(2,844)	154,347
Segment Profits	3,076	3,574	6,651	320	6,971	83	7,055

First half-year ended September 30, 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	\$ 1,161,051	\$ 728,218	\$ 1,889,282	\$ 89,526	\$ 1,978,808	\$ —	\$ 1,978,808
Intersegment	13,756	15,333	29,090	7,359	36,462	(36,462)	—
Total sales	1,174,821	743,551	1,918,372	96,897	2,015,269	(36,462)	1,978,808
Segment Profits	39,436	45,821	85,269	4,103	89,372	1,064	90,449

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥78=US\$ 1, the approximate exchange rate prevailing on September 30, 2012.

First half-year ended September 30, 2011

	Millions of yen						
	Reportable segments			other	Total	Elimination of inter-segment transactions	Consolidated statements
	Automotive components	Hydraulic components	Total				
Net Sales:							
Outside customers	¥ 90,159	¥ 69,230	¥ 159,389	¥ 5,337	¥ 164,727	¥ —	¥ 164,727
Intersegment	66	876	943	875	1,818	(1,818)	—
Total sales	90,225	70,107	160,333	6,212	166,546	(1,818)	164,727
Segment Profits	4,019	8,121	12,141	249	12,390	95	12,486