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FLASH REPORT

July 30, 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 three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)

(1) Operating results

	Net sales		Operating income	
	(% change from the previous period)		(% change from the previous period)	
	Millions of yen		Millions of yen	
Three months ended June 30, 2015	90,537	0.4	3,560	(29.7)
Previous corresponding period	90,131	8.5	5,067	4.4
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	
Three months ended June 30, 2015	3,089	(22.5)	12.09	
Previous corresponding period	3,988	22.6	15.61	
Previous fiscal year	7,052	(44.7)	27.60	

(2) Financial data

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Three months ended June 30, 2015	383,868	176,876	44.7
Previous fiscal year	384,929	174,258	43.7

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	–	5.00	–	7.00	12.00
Fiscal year	–	–	–	–	–
Fiscal year (forecast)	–	5.00	–	6.00	11.00

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

	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	377,000	13,700	9,200	36.01

Consolidated Balance Sheets

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Mar.31,2015	June.30,2015	June.30,2015
Assets			
Current assets			
Cash and deposits	31,752	28,932	237,148
Notes and accounts receivable - trade	91,249	88,745	727,418
Finished goods	25,365	26,020	213,279
Work in process	12,905	13,627	111,697
Raw materials and supplies	8,855	9,583	78,549
Deferred tax assets	4,756	5,463	44,779
Short-term loans receivable	116	119	975
Other	10,166	9,312	76,328
Allowance for doubtful accounts	(306)	(396)	(3,246)
Total current assets	184,859	181,409	1,486,959
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	52,018	52,565	430,861
Machinery, equipment and vehicles, net	63,849	65,115	533,730
Land	27,252	27,528	225,639
Leased assets, net	2,752	2,683	21,992
Construction in progress	14,519	13,627	111,697
Other, net	3,516	3,598	29,492
Total property, plant and equipment	163,910	165,118	1,353,426
Intangible assets			
Goodwill	316	290	2,377
Software	219	213	1,746
Other	1,440	1,441	11,811
Total intangible assets	1,976	1,945	15,943
Investments and other assets			
Investment securities	28,204	29,783	244,123
Net defined benefit asset	1,699	1,189	9,746
Deferred tax assets	2,189	2,233	18,303
Other	2,146	2,247	18,418
Allowance for doubtful accounts	(57)	(57)	(467)
Total investments and other assets	34,183	35,396	290,131
Total non-current assets	200,069	202,459	1,659,500
Total assets	384,929	383,868	3,146,459

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥122=US\$ 1, the approximate exchange rate prevailing on June 30,2015.

	Millions of yen		Thousands of U.S. dollars
	Mar.31,2015	June.30,2015	June.30,2015
Liabilities			
Current liabilities			
Notes and accounts payable - trade	64,991	64,017	524,730
Short-term loans payable	46,785	44,957	368,500
Lease obligations	574	566	4,639
Accounts payable - other	13,439	10,850	88,934
Income taxes payable	1,614	1,536	12,590
Notes payable - facilities	1,539	1,161	9,516
Provision for product warranties	6,783	6,933	56,828
Provision for bonuses	—	2,813	23,057
Provision for directors' bonuses	226	148	1,213
Other	13,522	14,047	115,139
Total current liabilities	149,475	147,032	1,205,180
Non-current liabilities			
Long-term loans payable	42,623	41,085	336,762
Lease obligations	2,105	2,055	16,844
Deferred tax liabilities	5,157	5,411	44,352
Deferred tax liabilities for land revaluation	3,599	3,599	29,500
Provision for directors' retirement benefits	88	91	746
Provision for environmental measures	220	220	1,803
Net defined benefit liability	6,011	6,126	50,213
Asset retirement obligations	399	398	3,262
Other	989	970	7,951
Total non-current liabilities	61,195	59,959	491,467
Total liabilities	210,671	206,991	1,696,648
Net assets			
Shareholders' equity			
Capital stock	27,647	27,647	226,615
Capital surplus	29,543	29,414	241,098
Retained earnings	81,066	82,367	675,139
Treasury shares	(573)	(573)	(4,697)
Total shareholders' equity	137,684	138,855	1,138,156
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	9,671	10,606	86,934
Revaluation reserve for land	5,682	5,682	46,574
Foreign currency translation adjustment	9,640	11,140	91,311
Remeasurements of defined benefit plans	5,670	5,248	43,016
Total accumulated other comprehensive income	30,664	32,678	267,852
Non-controlling interests	5,909	5,343	43,795
Total net assets	174,258	176,876	1,449,803
Total liabilities and net assets	384,929	383,868	3,146,459

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥122=US\$ 1, the approximate exchange rate prevailing on June 30,2015.

Consolidated Statements of Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Three months ended June.30,2014	Three months ended June.30,2015	Three months ended June.30,2015
Net sales	90,131	90,537	742,107
Cost of sales	71,334	72,427	593,664
Gross profit	18,797	18,109	148,434
Selling, general and administrative expenses	13,730	14,549	119,254
Operating income	5,067	3,560	29,180
Non-operating income			
Interest income	60	60	492
Dividend income	175	230	1,885
Foreign exchange gains	—	646	5,295
Technical support fee	2	169	1,385
Share of profit of entities accounted for using equity method	157	65	533
Other	281	594	4,869
Total non-operating income	677	1,767	14,484
Non-operating expenses			
Interest expenses	375	347	2,844
Foreign exchange losses	111	—	—
Other	108	102	836
Total non-operating expenses	595	450	3,689
Ordinary income	5,148	4,876	39,967
Extraordinary income			
Gain on sales of non-current assets	6	12	98
Total extraordinary income	6	12	98
Extraordinary losses			
Loss on disposal of non-current assets	54	88	721
Special retirement expenses	1	13	107
Other	0	3	25
Total extraordinary losses	57	106	869
Income before income taxes	5,098	4,783	39,205
Income taxes - current	2,500	2,291	18,779
Refund of income taxes for prior periods	(670)	—	—
Income taxes - deferred	(892)	(721)	(5,910)
Total income taxes	937	1,569	12,861
Net income	4,160	3,213	26,336
Net income attributable to non-controlling interests	172	124	1,016
Net income attributable to owners of parent	3,988	3,089	25,320

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥122=US\$ 1, the approximate exchange rate prevailing on June 30,2015.

Consolidated Statements of Comprehensive Income

Kayaba Industry Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Three months ended June.30,2014	Three months ended June.30,2015	Three months ended June.30,2015
Net income	4,160	3,213	26,336
Other comprehensive income			
Valuation difference on available-for-sale securities	1,379	935	7,664
Foreign currency translation adjustment	(1,116)	1,726	14,148
Remeasurements of defined benefit plans, net of tax	31	(426)	(3,492)
Share of other comprehensive income of entities accounted for using equity method	70	(162)	(1,328)
Total other comprehensive income	364	2,072	16,984
Comprehensive income	4,524	5,285	43,320
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	4,413	5,103	41,828
Comprehensive income attributable to non-controlling interests	111	182	1,492

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