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FLASH REPORT

October 30, 2015

Company name (official) : KYB Corporation

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 documents 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. Consolidated financial results for the fiscal first half-year (April 1, 2015 to September 30, 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 first half-year | 179,765 | (1.0) | 7,210 | (18.6) |
| Previous corresponding period | 181,606 | 6.4 | 8,855 | (11.5) |
| 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 | |
| Fiscal first half-year | (3,392) | - | (13.28) | |
| Previous corresponding period | 6,832 | 4.0 | 26.74 | |
| Previous fiscal year | 7,052 | (44.7) | 27.60 | |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio |
|------------------------|-----------------|-----------------|----------------------------|
| | Millions of yen | Millions of yen | % |
| Fiscal first half-year | 368,279 | 164,052 | 43.2 |
| 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 | - | 5.00 | - | - | - |
| Fiscal year (forecast) | - | - | - | 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 | 362,000 | 13,700 | 1,760 | 6.89 |

Consolidated Balance Sheets

KYB Corporation and its Consolidated Subsidiaries

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------------|------------------------------|
| | Mar.31,2015 | Sep.30,2015 | Sep.30,2015 |
| Assets | | | |
| Current assets | | | |
| Cash and deposits | 31,752 | 29,886 | 249,050 |
| Notes and accounts receivable - trade | 91,249 | 83,085 | 692,375 |
| Finished goods | 25,365 | 23,912 | 199,267 |
| Work in process | 12,905 | 13,443 | 112,025 |
| Raw materials and supplies | 8,855 | 9,241 | 77,008 |
| Deferred tax assets | 4,756 | 4,443 | 37,025 |
| Short-term loans receivable | 116 | 138 | 1,150 |
| Other | 10,166 | 9,063 | 75,525 |
| Allowance for doubtful accounts | (306) | (429) | (3,575) |
| Total current assets | 184,859 | 172,786 | 1,439,883 |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Buildings and structures, net | 52,018 | 52,872 | 440,600 |
| Machinery, equipment and vehicles, net | 63,849 | 63,990 | 533,250 |
| Land | 27,252 | 27,247 | 227,058 |
| Leased assets, net | 2,752 | 2,865 | 23,875 |
| Construction in progress | 14,519 | 11,819 | 98,492 |
| Other, net | 3,516 | 3,609 | 30,075 |
| Total property, plant and equipment | 163,910 | 162,404 | 1,353,367 |
| Intangible assets | | | |
| Goodwill | 316 | 263 | 2,192 |
| Software | 219 | 195 | 1,625 |
| Other | 1,440 | 1,407 | 11,725 |
| Total intangible assets | 1,976 | 1,866 | 15,550 |
| Investments and other assets | | | |
| Investment securities | 28,204 | 24,957 | 207,975 |
| Net defined benefit asset | 1,699 | 1,804 | 15,033 |
| Deferred tax assets | 2,189 | 2,217 | 18,475 |
| Other | 2,146 | 2,298 | 19,150 |
| Allowance for doubtful accounts | (57) | (57) | (475) |
| Total investments and other assets | 34,183 | 31,221 | 260,175 |
| Total non-current assets | 200,069 | 195,493 | 1,629,108 |
| Total assets | 384,929 | 368,279 | 3,068,992 |

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on September 30, 2015.

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-------------|------------------------------|
| | Mar.31,2015 | Sep.30,2015 | Sep.30,2015 |
| Liabilities | | | |
| Current liabilities | | | |
| Notes and accounts payable - trade | 64,991 | 59,099 | 492,492 |
| Short-term loans payable | 46,785 | 51,171 | 426,425 |
| Lease obligations | 574 | 596 | 4,967 |
| Accounts payable - other | 13,439 | 16,936 | 141,133 |
| Income taxes payable | 1,614 | 1,159 | 9,658 |
| Notes payable - facilities | 1,539 | 717 | 5,975 |
| Provision for product warranties | 6,783 | 6,127 | 51,058 |
| Provision for directors' bonuses | 226 | 111 | 925 |
| Other | 13,522 | 14,643 | 122,025 |
| Total current liabilities | 149,475 | 150,564 | 1,254,700 |
| Non-current liabilities | | | |
| Long-term loans payable | 42,623 | 35,616 | 296,800 |
| Lease obligations | 2,105 | 2,190 | 18,250 |
| Deferred tax liabilities | 5,157 | 3,947 | 32,892 |
| Deferred tax liabilities for land revaluation | 3,599 | 3,599 | 29,992 |
| Provision for directors' retirement benefits | 88 | 75 | 625 |
| Provision for environmental measures | 220 | 220 | 1,833 |
| Net defined benefit liability | 6,011 | 6,618 | 55,150 |
| Asset retirement obligations | 399 | 420 | 3,500 |
| Other | 989 | 973 | 8,108 |
| Total non-current liabilities | 61,195 | 53,663 | 447,192 |
| Total liabilities | 210,671 | 204,227 | 1,701,892 |
| Net assets | | | |
| Shareholders' equity | | | |
| Capital stock | 27,647 | 27,647 | 230,392 |
| Capital surplus | 29,543 | 29,414 | 245,117 |
| Retained earnings | 81,066 | 75,885 | 632,375 |
| Treasury shares | (573) | (574) | (4,783) |
| Total shareholders' equity | 137,684 | 132,372 | 1,103,100 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 9,671 | 7,663 | 63,858 |
| Revaluation reserve for land | 5,682 | 5,682 | 47,350 |
| Foreign currency translation adjustments | 9,640 | 8,156 | 67,967 |
| Remeasurements of defined benefit plans | 5,670 | 5,153 | 42,942 |
| Total accumulated other comprehensive income | 30,664 | 26,655 | 222,125 |
| Non-controlling interests | 5,909 | 5,024 | 41,867 |
| Total net assets | 174,258 | 164,052 | 1,367,100 |
| Total liabilities and net assets | 384,929 | 368,279 | 3,068,992 |

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on September 30, 2015.

Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

| | Millions of yen | | Thousands of U.S. dollars |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Half-year ended Sep.30,2014 | Half-year ended Sep.30,2015 | Half-year ended Sep.30,2015 |
| Net sales | 181,606 | 179,765 | 1,498,042 |
| Cost of sales | 144,653 | 144,460 | 1,203,833 |
| Gross profit | 36,953 | 35,304 | 294,200 |
| Selling, general and administrative expenses | 28,098 | 28,094 | 234,117 |
| Operating income | 8,855 | 7,210 | 60,083 |
| Non-operating income | | | |
| Interest income | 112 | 85 | 708 |
| Dividend income | 337 | 272 | 2,267 |
| Foreign exchange gains | 834 | — | — |
| Technical support fee | 401 | 435 | 3,625 |
| Equity in earnings of affiliates | 164 | — | — |
| Other | 585 | 875 | 7,292 |
| Total non-operating income | 2,435 | 1,668 | 13,900 |
| Non-operating expenses | | | |
| Interest expenses | 709 | 649 | 5,408 |
| Foreign exchange losses | — | 435 | 3,625 |
| Equity in losses of affiliates | — | 425 | 3,542 |
| Other | 201 | 213 | 1,775 |
| Total non-operating expenses | 911 | 1,724 | 14,367 |
| Ordinary income | 10,379 | 7,154 | 59,617 |
| Extraordinary income | | | |
| Gain on sales of non-current assets | 10 | 17 | 142 |
| Gain on disposition of foreign currency translation adjustments | — | 210 | 1,750 |
| Total extraordinary income | 10 | 227 | 1,892 |
| Extraordinary losses | | | |
| Loss on disposal of non-current assets | 390 | 199 | 1,658 |
| Impairment loss | 2 | 107 | 892 |
| Loss on valuation of investment securities | 4 | 3 | 25 |
| Special retirement expenses | 2 | 13 | 108 |
| Loss on violation of antitrust law | — | 7,801 | 65,008 |
| Other | 0 | 6 | 50 |
| Total extraordinary losses | 400 | 8,132 | 67,767 |
| Income (loss) before income taxes | 9,989 | (750) | (6,250) |
| Income taxes - current | 3,618 | 2,279 | 18,992 |
| Refund of income taxes for prior periods | (670) | — | — |
| Income taxes - deferred | (21) | 109 | 908 |
| Total income taxes | 2,927 | 2,388 | 19,900 |
| Net income (loss) | 7,062 | (3,139) | (26,158) |
| Net income (loss) attributable to non-controlling interests | 229 | 253 | 2,108 |
| Net income (loss) attributable to owners of parent | 6,832 | (3,392) | (28,267) |

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on September 30, 2015.

Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

| | Millions of yen | | Thousands of U.S. dollars |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Half-year ended Sep.30,2014 | Half-year ended Sep.30,2015 | Half-year ended Sep.30,2015 |
| Net income (loss) | 7,062 | (3,139) | (26,158) |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 3,009 | (2,008) | (16,733) |
| Foreign currency translation adjustment | 2,666 | (1,541) | (12,842) |
| Remeasurements of defined benefit plans, net of tax | 32 | (516) | (4,300) |
| Share of other comprehensive income of associates accounted for using equity method | (43) | (238) | (1,983) |
| Total other comprehensive income | 5,665 | (4,305) | (35,875) |
| Comprehensive income | 12,727 | (7,444) | (62,033) |
| Comprehensive income attributable to | | | |
| Comprehensive income attributable to owners of parent | 12,272 | (7,401) | (61,675) |
| Comprehensive income attributable to non-controlling interests | 455 | (42) | (350) |

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on September 30, 2015.

Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

| | Millions of yen | | Thousands of U.S. dollars |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Half-year ended Sep.30,2014 | Half-year ended Sep.30,2015 | Half-year ended Sep.30,2015 |
| Cash flows from operating activities | | | |
| Income (loss) before income taxes | 9,989 | (750) | (6,250) |
| Depreciation | 7,664 | 9,104 | 75,867 |
| Loss (gain) on sales of non-current assets | (10) | (17) | (142) |
| Loss (gain) on disposal of non-current assets | 390 | 199 | 1,658 |
| Loss (gain) on sales and valuation of investment securities | 4 | 3 | 25 |
| Loss on violation of antitrust law | — | 7,801 | 65,008 |
| Impairment loss | 2 | 107 | 892 |
| Gain on disposition of foreign currency translation adjustments | — | (210) | (1,750) |
| Amortization of goodwill | 78 | 53 | 442 |
| Increase (decrease) in allowance for doubtful accounts | 4 | 120 | 1,000 |
| Increase (decrease) in net defined benefit asset and liability | (317) | (198) | (1,650) |
| Increase (decrease) in provision for product warranties | 44 | (783) | (6,525) |
| Increase (decrease) in provision for directors' bonuses | (70) | (115) | (958) |
| Increase (decrease) in provision for directors' retirement benefits | 6 | (12) | (100) |
| Interest and dividend income | (449) | (357) | (2,975) |
| Interest expenses | 709 | 649 | 5,408 |
| Equity in earnings (losses) of affiliates | (164) | 425 | 3,542 |
| Decrease (increase) in notes and accounts receivable - trade | (2,667) | 7,830 | 65,250 |
| Decrease (increase) in inventories | (1,730) | 290 | 2,417 |
| Increase (decrease) in notes and accounts payable - trade | 3,120 | (5,471) | (45,592) |
| Increase (decrease) in accounts payable - other | 324 | (1,442) | (12,017) |
| Other, net | (3) | 1,889 | 15,742 |
| Subtotal | 16,925 | 19,117 | 159,308 |
| Interest and dividend income received | 859 | 629 | 5,242 |
| Interest expenses paid | (751) | (640) | (5,333) |
| Income taxes paid | (6,248) | (2,401) | (20,008) |
| Income taxes refund | 50 | 43 | 358 |
| Net cash provided by (used in) operating activities | 10,835 | 16,747 | 139,558 |

| | Millions of yen | | Thousands of U.S. dollars |
|--|--------------------------------|--------------------------------|--------------------------------|
| | Half-year ended Sep.30,2014 | Half-year ended Sep.30,2015 | Half-year ended Sep.30,2015 |
| Cash flows from investing activities | | | |
| Payments into time deposits | (202) | (353) | (2,942) |
| Proceeds from withdrawal of time deposits | 334 | 201 | 1,675 |
| Purchase of property, plant and equipment | (16,183) | (11,903) | (99,192) |
| Proceeds from sales of property, plant and equipment | 113 | 46 | 383 |
| Payments for retirement of property, plant and equipment | — | (11) | (92) |
| Purchase of investment securities | (304) | (3) | (25) |
| Purchase of shares of subsidiaries and associates | — | (604) | (5,033) |
| Payments for investments in capital of subsidiaries and associates | — | (90) | (750) |
| Payments of loans receivable | (153) | (142) | (1,183) |
| Collection of loans receivable | 133 | 117 | 975 |
| Other, net | 151 | (269) | (2,242) |
| Net cash provided by (used in) investing activities | (16,112) | (13,013) | (108,442) |
| Cash flows from financing activities | | | |
| Net increase (decrease) in short-term loans payable | 746 | 1,353 | 11,275 |
| Repayments of lease obligations | (305) | (315) | (2,625) |
| Proceeds from long-term loans payable | 4,511 | 2,649 | 22,075 |
| Repayments of long-term loans payable | (9,942) | (6,222) | (51,850) |
| Proceeds from share issuance to non-controlling shareholders | 205 | — | — |
| Purchase of treasury shares | (1) | (1) | (8) |
| Proceeds from sales of treasury shares | 0 | 0 | 0 |
| Cash dividends paid | (1,277) | (1,788) | (14,900) |
| Dividends paid to non-controlling interests | (308) | (268) | (2,233) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | — | (675) | (5,625) |
| Net cash provided by (used in) financing activities | (6,371) | (5,267) | (43,892) |
| Effect of exchange rate changes on cash and cash equivalents | 497 | (416) | (3,467) |
| Net increase (decrease) in cash and cash equivalents | (11,150) | (1,948) | (16,233) |
| Cash and cash equivalents at beginning of period | 38,132 | 30,510 | 254,250 |
| Cash and cash equivalents at end of period | 26,981 | 28,561 | 238,008 |

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥120=US\$ 1, the approximate exchange rate prevailing on September 30, 2015.