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## FLASH REPORT

February 2, 2016

URL <http://www.kyb.co.jp/english/>

Company name (official) : KYB Corporation

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 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. Result for the nine months ended December 31, 2015 (April 1, 2015 to December 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	
Nine months ended December 31, 2015	264,888	(3.0)	9,158	(21.9)
Previous corresponding period	273,179	6.4	11,719	(18.3)
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	
Nine months ended December 31, 2015	(1,435)	-	(5.62)	
Previous corresponding period	8,196	(24.1)	32.08	
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	%
Nine months ended December 31, 2015	370,864	164,000	42.8
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	Dec.31, 2015	Dec.31, 2015
<b>Assets</b>			
Current assets			
Cash and deposits	31,752	32,125	265,496
Notes and accounts receivable - trade	91,249	80,614	666,231
Finished goods	25,365	26,400	218,182
Work in process	12,905	14,234	117,636
Raw materials and supplies	8,855	9,734	80,446
Deferred tax assets	4,756	3,713	30,686
Short-term loans receivable	116	121	1,000
Other	10,166	10,772	89,025
Allowance for doubtful accounts	(306)	(524)	(4,331)
Total current assets	184,859	177,193	1,464,405
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	52,018	52,339	432,554
Machinery, equipment and vehicles, net	63,849	63,484	524,661
Land	27,252	27,263	225,314
Leased assets, net	2,752	2,699	22,306
Construction in progress	14,519	12,729	105,198
Other, net	3,516	3,309	27,347
Total property, plant and equipment	163,910	161,826	1,337,405
Intangible assets			
Goodwill	316	237	1,959
Software	219	181	1,496
Other	1,440	1,378	11,388
Total intangible assets	1,976	1,797	14,851
Investments and other assets			
Investment securities	28,204	24,334	201,107
Net defined benefit asset	1,699	1,214	10,033
Deferred tax assets	2,189	2,388	19,736
Other	2,146	2,166	17,901
Allowance for doubtful accounts	(57)	(56)	(463)
Total investments and other assets	34,183	30,046	248,314
Total non-current assets	200,069	193,670	1,600,579
<b>Total assets</b>	<b>384,929</b>	<b>370,864</b>	<b>3,064,992</b>

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥121=US\$ 1, the approximate exchange rate prevailing on December 31, 2015.

	Millions of yen		Thousands of U.S. dollars
	Mar.31,2015	Dec.31, 2015	Dec.31, 2015
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable - trade	64,991	61,611	509,182
Short-term loans payable	46,785	56,372	465,884
Lease obligations	574	571	4,719
Accounts payable - other	13,439	10,119	83,628
Income taxes payable	1,614	740	6,116
Notes payable - facilities	1,539	1,598	13,207
Provision for product warranties	6,783	6,097	50,388
Provision for bonuses	—	4,931	40,752
Provision for directors' bonuses	226	169	1,397
Other	13,522	8,687	71,793
Total current liabilities	149,475	150,900	1,247,107
Non-current liabilities			
Long-term loans payable	42,623	38,399	317,347
Lease obligations	2,105	2,085	17,231
Deferred tax liabilities	5,157	4,077	33,694
Deferred tax liabilities for land revaluation	3,599	3,599	29,744
Provision for directors' retirement benefits	88	79	653
Provision for environmental measures	220	220	1,818
Net defined benefit liability	6,011	6,192	51,174
Asset retirement obligations	399	422	3,488
Other	989	886	7,322
Total non-current liabilities	61,195	55,962	462,496
Total liabilities	210,671	206,863	1,709,612
<b>Net assets</b>			
Shareholders' equity			
Capital stock	27,647	27,647	228,488
Capital surplus	29,543	29,414	243,091
Retained earnings	81,066	76,564	632,760
Treasury shares	(573)	(577)	(4,769)
Total shareholders' equity	137,684	133,049	1,099,579
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	9,671	8,063	66,636
Revaluation reserve for land	5,682	5,682	46,959
Foreign currency translation adjustment	9,640	6,927	57,248
Remeasurements of defined benefit plans	5,670	5,101	42,157
Total accumulated other comprehensive income	30,664	25,773	213,000
Non-controlling interests	5,909	5,177	42,785
Total net assets	174,258	164,000	1,355,372
<b>Total liabilities and net assets</b>	<b>384,929</b>	<b>370,864</b>	<b>3,064,992</b>

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥121=US\$ 1, the approximate exchange rate prevailing on December 31, 2015.

## Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec.31,2014	Nine months ended Dec.31, 2015	Nine months ended Dec.31, 2015
Net sales	273,179	264,888	2,189,157
Cost of sales	218,925	214,535	1,773,017
Gross profit	54,253	50,353	416,140
Selling, general and administrative expenses	42,534	41,194	340,446
Operating income	11,719	9,158	75,686
Non-operating income			
Interest income	161	95	785
Dividend income	473	428	3,537
Foreign exchange gains	1,133	—	—
Technical support fee	580	662	5,471
Equity in earnings of affiliates	94	—	—
Other	778	1,339	11,066
Total non-operating income	3,221	2,526	20,876
Non-operating expenses			
Interest expenses	1,046	964	7,967
Foreign exchange losses	—	1,128	9,322
Equity in losses of affiliates	—	281	2,322
Other	343	313	2,587
Total non-operating expenses	1,389	2,687	22,207
Ordinary income	13,550	8,997	74,355
Extraordinary income			
Gain on sales of non-current assets	14	21	174
Gain on sales of investment securities	—	1,886	15,587
Gain on disposition of foreign currency translation adjustments	—	210	1,736
Total extraordinary income	14	2,118	17,504
Extraordinary losses			
Loss on disposal of non-current assets	539	309	2,554
Impairment loss	69	488	4,033
Loss on valuation of investment securities	4	3	25
Special retirement expenses	5	13	107
Loss on violation of antitrust law	—	7,985	65,992
Other	0	57	471
Total extraordinary losses	620	8,857	73,198
Income (loss) before income taxes	12,945	2,258	18,661
Income taxes - current	4,226	2,745	22,686
Refund of income taxes for prior periods	(670)	—	—
Income taxes - deferred	915	577	4,769
Total income taxes	4,471	3,322	27,455
Net income (loss)	8,473	(1,063)	(8,785)
Net income (loss) attributable to non-controlling interests	277	371	3,066
Net income (loss) attributable to owners of parent	8,196	(1,435)	(11,860)

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥121=US\$ 1, the approximate exchange rate prevailing on December 31, 2015.

## Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec.31,2014	Nine months ended Dec.31, 2015	Nine months ended Dec.31, 2015
Net income (loss)	8,473	(1,063)	(8,785)
Other comprehensive income			
Valuation difference on available-for-sale securities	3,795	(1,608)	(13,289)
Foreign currency translation adjustment	8,304	(2,342)	(19,355)
Remeasurements of defined benefit plans, net of tax	44	(572)	(4,727)
Share of other comprehensive income of entities accounted for using equity method	166	(629)	(5,198)
Total other comprehensive income	12,311	(5,152)	(42,579)
Comprehensive income	20,784	(6,216)	(51,372)
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	19,932	(6,326)	(52,281)
Comprehensive income attributable to non-controlling interests	851	110	909

Note: U.S dollar amounts were translated from Japanese yen, for convenience only, at ¥121=US\$ 1, the approximate exchange rate prevailing on December 31, 2015.