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FLASH REPORT

Aug 5, 2016

Company name (official) : KYB Corporation

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

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 to the nearest million yen, unless otherwise noted.)

1. Consolidated financial result for the three months ended June.30,2016 (from April 1, 2016 to June 30, 2016)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Net sales		Operating profit		Profit before tax		Profit for the period	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June.30,2016	87,776	(3.4)	3,909	(22.9)	3,991	(23.7)	3,826	18.3
June.30,2015	90,853	—	5,072	—	5,233	—	3,234	—

	Profit attributable to owners of the parent		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June.30,2016	3,709	19.3	(4,228)	—	14.52	—
June.30,2015	3,108	—	5,466	—	12.17	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total asset	Equity attributable to owners of the parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
June.30,2016	356,926	148,509	143,920	40.3	563.35
March.31,2016	359,002	153,381	148,278	41.3	580.40

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	—	6.00	11.00
Fiscal year	—				
Fiscal year (forecast)		5.00	—	6.00	11.00

3. Forecast for the current fiscal year (April 1, 2016 to March 31, 2017)

(Percentages indicate the change of the same period of the previous year)

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
First half	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	174,000	(3.3)	6,300	—	6,000	—	4,400	—	17.22
Current fiscal year	346,000	(2.6)	13,800	218.9	12,900	356.6	9,200	—	36.01

Consolidated Statements of Financial Position

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	25,296	32,024
Trade and other receivables	87,999	88,140
Inventories	48,291	47,134
Other current financial assets	954	766
Other current assets	3,793	3,367
Total current assets	166,333	171,431
Non-current assets:		
Property, plant and equipment	158,609	152,242
Goodwill	318	318
Intangible assets	4,424	4,700
Investments accounted for using the equity method	3,833	3,436
Other non-current financial assets	18,999	18,381
Other non-current assets	622	615
Deferred tax assets	5,865	5,803
Total non-current assets	192,669	185,494
Total assets	359,002	356,926

(Unit: Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities and equity		
Current liabilities:		
Trade and other payables	66,211	66,809
Borrowings	50,492	57,744
Income tax payables	1,413	1,014
Other current financial liabilities	18,416	18,241
Provisions	5,313	6,950
Other current liabilities	978	67
Total current liabilities	142,822	150,825
Non-current liabilities:		
Borrowings	38,348	34,718
Liability for retirement benefits	13,893	13,962
Other non-current financial liabilities	2,592	2,457
Provisions	1,994	2,020
Other non-current liabilities	777	411
Deferred tax liabilities	5,194	4,023
Total non-current liabilities	62,799	57,592
Total liabilities	205,621	208,416
Equity		
Equity attributable to owners of the parent:		
Share capital	27,648	27,648
Capital surplus	29,414	29,414
Retained earnings	86,393	89,707
Treasury shares	(579)	(579)
Other components of equity	5,402	(2,269)
Total equity attributable to owners of the parent	148,278	143,920
Non-controlling interests	5,103	4,589
Total equity	153,381	148,509
Total liabilities and equity	359,002	356,926

Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the three months ended June 30, 2015 (Apr. 1 through Jun. 30, 2015)	For the three months ended June 30, 2016 (Apr. 1 through Jun. 30, 2016)
Net sales	90,853	87,776
Cost of sales	72,103	69,845
Gross profit	18,750	17,931
Selling, general and administrative expenses	14,459	13,105
Equity in earnings of affiliates	69	399
Other income	922	441
Other expenses	210	1,757
Operating profit	5,072	3,909
Finance income	509	357
Finance costs	348	275
Profit before tax	5,233	3,991
Income tax expense	1,999	165
Profit for the period	3,234	3,826
Profit attributable to:		
Owners of the parent	3,108	3,709
Non-controlling interests	126	117
Profit for the period	3,234	3,826
Earnings per share		
Basic earnings per share (in yen)	12.17	14.52

Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the three months ended June 30, 2015 (Apr. 1 through Jun. 30, 2015)	For the three months ended June 30, 2016 (Apr. 1 through Jun. 30, 2016)
Profit for the period	3,234	3,826
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	1,050	(1,278)
Remeasurements of defined benefit plans	(419)	11
Share of other comprehensive income of investments accounted for using the equity method	(163)	(155)
Total	468	(1,422)
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	1,738	(6,614)
Effective portion of the change in the fair value of cash flow hedges	26	(18)
Total	1,764	(6,632)
Total other comprehensive income	2,232	(8,054)
Comprehensive income for the period	5,466	(4,228)
Comprehensive income for the period attributable to:		
Owners of the parent	5,299	(3,955)
Non-controlling interests	167	(273)
Comprehensive income for the period	5,466	(4,228)

Consolidated Statements of Changes in Equity

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2015	27,648	29,544	97,931	(573)
Comprehensive income for the period:				
Profit for the period	—	—	3,108	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	3,108	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(1)
Dividends of surplus	—	—	(1,788)	—
Transfer to retained earnings	—	—	(407)	—
Total contributions by and distributions to owners in their capacity as owners	—	—	(2,195)	(1)
Changes in equity interest of subsidiaries:				
Acquisition of non-controlling interests	—	(130)	—	—
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	(130)	—	—
Total transactions with owners	—	(130)	913	(1)
Balance at June 30, 2015	27,648	29,414	98,844	(574)

(Unit: Millions of yen)

	Other components of equity					Comprehensive income for the year attributable to owners of the parent	Non-controlling interests	Total equity
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges	Total other components of equity			
Balance at April 1, 2015	8,697	—	5,963	97	14,757	169,307	5,949	175,256
Comprehensive income for the period:								
Profit for the period	—	—	—	—	—	3,108	126	3,234
Other comprehensive income	1,050	(407)	1,511	37	2,191	2,191	41	2,232
Total comprehensive income for the period	1,050	(407)	1,511	37	2,191	5,299	167	5,466
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	—	—	—	—	—	(1)	—	(1)
Dividends of surplus	—	—	—	—	—	(1,788)	—	(1,788)
Transfer to retained earnings	—	407	—	—	407	—	—	—
Total contributions by and distributions to owners in their capacity as owners	—	407	—	—	407	(1,789)	—	(1,789)
Changes in equity interest of subsidiaries:								
Acquisition of non-controlling interests	—	—	—	—	—	(130)	(573)	(703)
Dividends of surplus	—	—	—	—	—	—	(176)	(176)
Total changes in equity interest of subsidiaries	—	—	—	—	—	(130)	(749)	(878)
Total transactions with owners	1,050	—	1,511	37	2,598	3,380	(582)	2,799
Balance at June 30, 2015	9,747	—	7,474	134	17,355	172,688	5,367	178,055

(Unit: Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2016	27,648	29,414	86,393	(579)
Comprehensive income for the period:				
Profit for the period	—	—	3,709	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	3,709	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(0)
Dividends of surplus	—	—	(1,533)	—
Change of scope of equity method	—	—	1,175	—
Changes due to business combination	—	—	(45)	—
Transfer to retained earnings	—	—	8	—
Total contributions by and distributions to owners in their capacity as owners	—	—	(395)	(0)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	3,314	(0)
Balance at June 30, 2016	27,648	29,414	89,707	(579)

(Unit: Millions of yen)

	Other components of equity					Comprehensive income for the year attributable to owners of the parent	Non-controlling interests	Total equity
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges	Total other components of equity			
Balance at April 1, 2016	4,967	—	275	160	5,402	148,278	5,103	153,381
Comprehensive income for the period:								
Profit for the period	—	—	—	—	—	3,709	117	3,826
Other comprehensive income	(1,278)	8	(6,370)	(24)	(7,664)	(7,664)	(390)	(8,054)
Total comprehensive income for the period	(1,278)	8	(6,370)	(24)	(7,664)	(3,955)	(273)	(4,228)
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	—	—	—	—	—	(0)	—	(0)
Dividends of surplus	—	—	—	—	—	(1,533)	—	(1,533)
Change of scope of equity method	—	—	—	—	—	1,175	—	1,175
Changes due to business combination	—	—	—	—	—	(45)	—	(45)
Transfer to retained earnings	—	(8)	—	—	(8)	—	—	—
Total contributions by and distributions to owners in their capacity as owners	—	(8)	—	—	(8)	(402)	—	(402)
Changes in equity interest of subsidiaries:								
Dividends of surplus	—	—	—	—	—	—	(241)	(241)
Total changes in equity interest of subsidiaries	—	—	—	—	—	—	(241)	(241)
Total transactions with owners	(1,278)	—	(6,370)	(24)	(7,672)	(4,358)	(514)	(4,872)
Balance at June 30, 2016	3,689	—	(6,095)	136	(2,269)	143,920	4,589	148,509

Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the three months ended June 30, 2015 (Apr. 1 through Jun. 30, 2015)	For the three months ended June 30, 2016 (Apr. 1 through Jun. 30, 2016)
Cash flows from operating activities:		
Profit before tax	5,233	3,991
Depreciation and amortization	4,246	3,905
Increase (decrease) in assets and liabilities for retirement benefits	174	66
Increase (decrease) in provision for product warranties	(70)	(222)
Finance income	(509)	(357)
Finance costs	348	275
Equity in earnings of affiliates	(69)	(399)
(Increase) decrease in trade and other receivables	4,783	(4,014)
(Increase) decrease in inventories	(1,008)	(1,557)
Increase (decrease) in trade and other payables	(2,696)	3,687
Other	2,182	3,458
Subtotal	12,614	8,833
Interest received	55	24
Dividends received	510	599
Interest paid	(377)	(252)
Income taxes paid	(1,829)	(572)
Net cash from operating activities	10,973	8,632
Cash flows from investing activities:		
Payment into time deposits	(101)	(87)
Proceeds from withdrawal of time deposits	191	180
Payment for purchases of property, plant and equipment	(6,590)	(4,510)
Proceeds from sale of property, plant and equipment	56	23
Payment for purchases of other financial assets	(593)	(0)
Proceeds from sale of other financial assets	—	32
Other	(207)	(464)
Net cash flows from investing activities	(7,244)	(4,827)

(Unit: Millions of yen)

	For the three months ended June 30, 2015 (Apr. 1 through Jun. 30, 2015)	For the three months ended June 30, 2016 (Apr. 1 through Jun. 30, 2016)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(2,599)	9,834
Repayments of lease obligations	(129)	(123)
Proceeds from long-term borrowings	2,149	1,201
Repayment of long-term borrowings	(3,828)	(4,687)
Payments for purchase of treasury shares	(1)	(0)
Dividends paid	(1,788)	(1,533)
Dividends paid to non-controlling interests	(176)	(241)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(671)	—
Net cash flows from financing activities	(7,043)	4,451
Effects of changes in foreign exchange rates	550	(1,533)
Net increase (decrease) in cash and cash equivalents	(2,764)	6,723
Cash and cash equivalents at beginning of period	30,510	25,296
Increase (decrease) in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	5
Cash and cash equivalents at end of period	27,747	32,024

Segment Information

KYB Corporation and its Consolidated Subsidiaries

For the Three months ended June 30, 2015

(Unit: Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidate d
	Automotive components	Hydraulic components	Subtotal				
Net sales:							
Outside customer	61,317	23,648	84,965	5,888	90,853	—	90,853
Intersegment and transfers	69	715	784	394	1,178	(1,178)	—
Total	61,385	24,363	85,748	6,283	92,031	(1,178)	90,853
Segment profits (losses)	3,146	1,031	4,176	81	4,257	34	4,291
Equity in earnings of affiliates	62	6	69	—	69	—	69
Other income and expenses (net)	514	210	724	(13)	712	—	712
Operating profit	3,722	1,247	4,969	68	5,038	34	5,072
Finance income and costs (net)							162
Profit before tax							5,233

Notes: 1. "Other" includes "Special-purpose Vehicles", "Aircraft Components" and "System Products and Electronic Equipment" that are not included in the two of reportable segment.

2. ¥34 million of adjustment of segment profits are the elimination of intersegment transactions.

For the Three months ended June 30, 2016

(Unit: Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidate d
	Automotive components	Hydraulic components	Subtotal				
Net sales:							
Outside customer	59,536	22,116	81,652	6,124	87,776	—	87,776
Intersegment and transfers	8	112	120	314	434	(434)	—
Total	59,544	22,228	81,772	6,439	88,211	(434)	87,776
Segment profits (losses)	4,248	584	4,832	20	4,851	(25)	4,826
Equity in earnings of affiliates	290	109	399	—	399	—	399
Other income and expenses (net)	(1,385)	54	(1,332)	15	(1,316)	—	(1,316)
Operating profit	3,153	747	3,900	35	3,934	(25)	3,909
Finance income and costs (net)							82
Profit before tax							3,991

Notes: 1. "Other" includes "Special-purpose Vehicles", "Aircraft Components" and "System Products and Electronic Equipment" that are not included in the two of reportable segment.

2. ¥25 million of adjustment of segment losses are the elimination of intersegment transactions.

*With regard to the changes of reportable segment

Since this fiscal year, we reconsidered the business segment of "Aircraft components" which was included in "Hydraulic components" and isolated it as "Aircraft components division" for the reinforcement and expansion of the management foundation.

With regard to the "Aircraft components division", we considered the quantitative criteria of reportable segment, it has been included in "Other" and disclosed.

With regard to the information of previous fiscal year, we disclose the information which was taken into account the change above.