

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the Fiscal Year Ended March 31, 2016**

These consolidated financial statements are based on the Japanese financial statements submitted to the Tokyo Stock Exchange.

1. Consolidated Balance Sheets

(Millions of yen)

	March 31, 2015	March 31, 2016
Assets		
Current assets		
Cash and deposits	17,848	20,073
Notes and accounts receivable - trade	52,738	55,056
Securities	1,393	2,093
Merchandise and finished goods	18,013	16,440
Work in process	13,927	13,989
Raw materials and supplies	13,523	13,141
Deferred tax assets	1,201	1,474
Other	4,950	4,407
Allowance for doubtful accounts	(73)	(60)
Total current assets	123,522	126,616
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,856	32,504
Machinery, equipment and vehicles, net	54,738	53,154
Land	23,322	23,276
Construction in progress	5,176	4,305
Other, net	4,184	4,037
Total property, plant and equipment	120,278	117,278
Intangible assets		
Other	2,689	2,994
Total intangible assets	2,689	2,994
Investments and other assets		
Investment securities	14,958	12,386
Net defined benefit asset	1,850	84
Deferred tax assets	4,079	5,328
Other	547	559
Allowance for doubtful accounts	(71)	(93)
Total investments and other assets	21,364	18,266
Total non-current assets	144,332	138,539
Deferred assets		
Bond issuance cost	—	41
Total deferred assets	—	41
Total assets	267,854	265,197

(Millions of yen)

	March 31, 2015	March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,994	38,788
Short-term loans payable	37,802	35,467
Current portion of long-term loans payable	10,622	10,612
Income taxes payable	1,866	1,852
Provision for bonuses	1,637	1,999
Provision for directors' bonuses	41	63
Other	14,454	17,136
Total current liabilities	107,419	105,920
Non-current liabilities		
Bonds payable	—	2,600
Long-term loans payable	38,077	33,201
Deferred tax liabilities	2,258	1,007
Deferred tax liabilities for land revaluation	534	507
Net defined benefit liability	8,466	8,847
Other	3,694	3,004
Total non-current liabilities	53,032	49,169
Total liabilities	160,451	155,089
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	23,757	23,765
Retained earnings	47,529	55,540
Treasury shares	(2,334)	(2,335)
Total shareholders' equity	87,425	95,442
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,308	4,646
Deferred gains or losses on hedges	(18)	(10)
Revaluation reserve for land	719	737
Foreign currency translation adjustment	7,084	4,709
Remeasurements of defined benefit plans	267	(1,885)
Total accumulated other comprehensive income	14,362	8,198
Non-controlling interests	5,615	6,466
Total net assets	107,403	110,107
Total liabilities and net assets	267,854	265,197

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(1) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2015 Ended March 31, 2015	Fiscal Year 2016 Ended March 31, 2016
Net sales	227,163	254,508
Cost of sales	194,142	216,056
Gross profit	33,021	38,451
Selling, general and administrative expenses	23,898	25,619
Operating income	9,122	12,832
Non-operating income		
Interest income	45	57
Dividend income	240	314
Rent income	496	477
Foreign exchange gains	194	—
Gain on sales of scraps	308	763
Dividend income of insurance	126	130
Other	436	627
Total non-operating income	1,847	2,369
Non-operating expenses		
Interest expenses	1,881	1,873
Sales discounts	215	196
Loss on abandonment of inventories	26	132
Foreign exchange losses	—	629
Depreciation	204	128
Other	243	108
Total non-operating expenses	2,571	3,069
Ordinary income	8,399	12,132
Extraordinary income		
Gain on disposal of non-current assets	8	57
Gain on bargain purchase	7	—
Total extraordinary income	16	57
Extraordinary losses		
Loss on disposal of non-current assets	105	158
Impairment loss	—	9
Total extraordinary losses	105	167
Profit before income taxes	8,310	12,023
Income taxes - current	2,868	2,821
Income taxes - deferred	1,063	(1,002)
Total income taxes	3,931	1,819
Profit	4,378	10,203
Profit attributable to non-controlling interests	568	898
Profit attributable to owners of parent	3,809	9,305

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2015 Ended March 31, 2015	Fiscal Year 2016 Ended March 31, 2016
Profit	4,378	10,203
Other comprehensive income		
Valuation difference on available-for-sale securities	2,318	(1,687)
Deferred gains or losses on hedges	5	7
Revaluation reserve for land	96	27
Foreign currency translation adjustment	6,321	(2,374)
Remeasurements of defined benefit plans, net of tax	813	(2,161)
Total other comprehensive income	9,556	(6,189)
Comprehensive income	13,934	4,014
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,161	3,141
Comprehensive income attributable to non-controlling interests	773	873

3. Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year 2015 Ended March 31, 2015	Fiscal Year 2016 Ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	8,310	12,023
Depreciation	14,269	15,725
Impairment loss	—	9
Increase (decrease) in allowance for doubtful accounts	(17)	8
Increase (decrease) in provision for bonuses	68	361
Increase (decrease) in net defined benefit liability	805	285
Interest and dividend income	(286)	(371)
Interest expenses	1,881	1,873
Loss (gain) on disposal of non-current assets	96	100
Decrease (increase) in notes and accounts receivable - trade	(2,918)	(2,964)
Decrease (increase) in inventories	(4,328)	1,519
Decrease (increase) in other current assets	546	379
Increase (decrease) in notes and accounts payable - trade	5,099	(1,920)
Increase (decrease) in other current liabilities	902	1,667
Other, net	(1,745)	(1,543)
Subtotal	22,683	27,153
Interest and dividend income received	286	370
Interest expenses paid	(1,786)	(1,935)
Income taxes (paid) refund	(2,852)	(2,803)
Net cash provided by (used in) operating activities	18,331	22,784
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,262)	(14,320)
Proceeds from sales of property, plant and equipment	39	38
Purchase of securities	(1,340)	(1,340)
Proceeds from sales of securities	1,340	1,340
Purchase of investment securities	(45)	(52)
Payments into time deposits	(3,309)	(2,775)
Proceeds from withdrawal of time deposits	2,939	3,082
Other, net	(381)	(790)
Net cash provided by (used in) investing activities	(15,019)	(14,817)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,666)	(1,549)
Proceeds from long-term loans payable	10,547	6,471
Repayments of long-term loans payable	(12,429)	(10,606)
Proceeds from issuance of bonds	—	2,555
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(1,294)	(1,294)
Other, net	(33)	(33)
Net cash provided by (used in) financing activities	(4,876)	(4,456)
Effect of exchange rate change on cash and cash equivalents	462	(268)
Net increase (decrease) in cash and cash equivalents	(1,102)	3,240
Cash and cash equivalents at beginning of period	17,711	16,609
Cash and cash equivalents at end of period	16,609	19,850

4. Segment Information**(1) Industry Segment Information**

For the Fiscal Year Ended March 31, 2015

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	173,329	26,236	27,380	216	–	227,163
Intersegment	144	7	–	43	(196)	–
Total	173,474	26,244	27,380	260	(196)	227,163
Operating income	6,672	812	1,625	11	(0)	9,122
Total Assets	193,066	27,347	24,706	1,408	21,326	267,854
Depreciation	13,193	688	374	12	–	14,269
Capital Expenditure	14,778	627	166	20	–	15,592

For the Fiscal Year Ended March 31, 2016

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	198,809	27,076	28,383	239	–	254,508
Intersegment	112	11	–	45	(169)	–
Total	198,921	27,088	28,383	284	(169)	254,508
Operating income	10,534	430	1,848	19	0	12,832
Total Assets	192,307	26,949	24,758	1,476	19,704	265,197
Depreciation	14,655	681	366	23	–	15,725
Capital Expenditure	15,384	673	145	39	–	16,243

(2) Information by Region

For the Fiscal Year Ended March 31, 2015

a. Net sales

(Millions of yen)

Japan	U.S.A.	China	Other	Total
126,019	34,238	29,741	37,164	227,163

Note: Net sales are classified by country and region based on customer location.

b. Property, plant and equipment

(Millions of yen)

Japan	U.S.A.	China	Other	Total
45,002	8,106	45,978	21,190	120,278

For the Fiscal Year Ended March 31, 2016

a. Net sales

(Millions of yen)

Japan	U.S.A.	China	Other	Total
128,161	42,752	38,131	45,463	254,508

Note: Net sales are classified by country and region based on customer location.

b. Property, plant and equipment

(Millions of yen)

Japan	U.S.A.	China	Other	Total
47,246	7,474	40,633	21,922	117,278