

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Nine Months of the Fiscal Year Ending 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	December 31, 2015
Assets		
Current assets		
Cash and deposits	17,848	22,235
Notes and accounts receivable - trade	52,738	52,498
Securities	1,393	1,393
Merchandise and finished goods	18,013	16,338
Work in process	13,927	14,989
Raw materials and supplies	13,523	13,796
Other	6,151	5,246
Allowance for doubtful accounts	(73)	(56)
Total current assets	123,522	126,442
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,856	32,743
Machinery, equipment and vehicles, net	54,738	52,547
Land	23,322	23,280
Construction in progress	5,176	5,784
Other, net	4,184	3,912
Total property, plant and equipment	120,278	118,269
Intangible assets		
Other	2,689	2,801
Total intangible assets	2,689	2,801
Investments and other assets		
Investment securities	14,958	15,185
Other	6,477	7,065
Allowance for doubtful accounts	(71)	(75)
Total investments and other assets	21,364	22,176
Total non-current assets	144,332	143,247
Deferred assets		
Bond issuance cost	—	34
Total deferred assets	—	34
Total assets	267,854	269,724

(Millions of yen)

	March 31, 2015	December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,994	43,560
Short-term loans payable	37,802	34,712
Current portion of long-term loans payable	10,622	10,531
Income taxes payable	1,866	119
Provision for bonuses	1,637	667
Provision for directors' bonuses	41	—
Other	14,454	16,218
Total current liabilities	107,419	105,810
Non-current liabilities		
Bonds payable	—	2,300
Long-term loans payable	38,077	35,265
Net defined benefit liability	8,466	8,493
Other	6,487	6,943
Total non-current liabilities	53,032	53,001
Total liabilities	160,451	158,812
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	23,757	23,765
Retained earnings	47,529	51,596
Treasury shares	(2,334)	(2,335)
Total shareholders' equity	87,425	91,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,308	6,329
Deferred gains or losses on hedges	(18)	(11)
Revaluation reserve for land	719	719
Foreign currency translation adjustment	7,084	5,718
Remeasurements of defined benefit plans	267	348
Total accumulated other comprehensive income	14,362	13,104
Non-controlling interests	5,615	6,307
Total net assets	107,403	110,911
Total liabilities and net assets	267,854	269,724

2. Consolidated Statements of Income

(Millions of yen)

	Nine Months Ended December 31, 2014	Nine Months Ended December 31, 2015
Net sales	164,108	188,357
Cost of sales	140,501	160,911
Gross profit	23,607	27,446
Selling, general and administrative expenses	17,521	18,818
Operating income	6,085	8,627
Non-operating income		
Interest income	34	33
Dividend income	239	312
Rent income	368	357
Foreign exchange gains	179	—
Gain on sales of scraps	204	588
Other	439	691
Total non-operating income	1,465	1,984
Non-operating expenses		
Interest expenses	1,381	1,428
Sales discounts	172	157
Foreign exchange losses	—	286
Depreciation	157	102
Other	220	126
Total non-operating expenses	1,932	2,101
Ordinary income	5,618	8,510
Extraordinary income		
Gain on disposal of non-current assets	7	48
Gain on bargain purchase	7	—
Total extraordinary income	14	48
Extraordinary losses		
Loss on disposal of non-current assets	79	89
Total extraordinary losses	79	89
Income before income taxes and minority interests	5,553	8,469
Income taxes	2,431	2,496
Profit	3,122	5,973
Profit attributable to non-controlling interests	393	612
Profit attributable to owners of parent	2,728	5,361

3. Consolidated Statements of Cash Flows

(Millions of yen)

	Nine Months Ended December 31, 2014	Nine Months Ended December 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	5,553	8,469
Depreciation	10,297	11,607
Increase (decrease) in allowance for doubtful accounts	5	(13)
Increase (decrease) in provision for bonuses	(1,024)	(970)
Increase (decrease) in net defined benefit liability	433	190
Interest and dividend income	(273)	(345)
Interest expenses	1,381	1,428
Loss (gain) on disposal of non-current assets	72	42
Decrease (increase) in notes and accounts receivable - trade	(1,329)	(90)
Decrease (increase) in inventories	(4,917)	115
Decrease (increase) in other current assets	471	222
Increase (decrease) in notes and accounts payable - trade	9,004	2,762
Increase (decrease) in other current liabilities	549	833
Other, net	(1,177)	(708)
Subtotal	19,046	23,545
Interest and dividend income received	273	345
Interest expenses paid	(1,314)	(1,487)
Income taxes paid	(2,668)	(3,038)
Net cash provided by (used in) operating activities	15,337	19,364
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,000)	(10,114)
Proceeds from sales of property, plant and equipment	12	24
Purchase of securities	(690)	(690)
Proceeds from sales of securities	690	690
Purchase of investment securities	(41)	(47)
Payments into time deposits	(1,873)	(1,703)
Proceeds from withdrawal of time deposits	1,533	1,836
Other, net	(306)	(466)
Net cash provided by (used in) investing activities	(10,676)	(10,472)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,394)	(2,630)
Proceeds from long-term loans payable	9,538	6,011
Repayments of long-term loans payable	(9,910)	(8,543)
Proceeds from issuance of bonds	—	2,264
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(1,292)	(1,293)
Other, net	(29)	(25)
Net cash provided by (used in) financing activities	(3,088)	(4,217)
Effect of exchange rate change on cash and cash equivalents	90	(132)
Net increase (decrease) in cash and cash equivalents	1,662	4,542
Cash and cash equivalents at beginning of period	17,711	16,609
Cash and cash equivalents at end of period	19,374	21,151

4. Segment Information

Industry Segment Information

For the Nine Months Ended December 31, 2014

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	125,432	20,091	18,400	184	–	164,108
Intersegment	114	6	–	39	(159)	–
Total	125,546	20,097	18,400	223	(159)	164,108
Operating income	4,103	902	1,055	24	(0)	6,085

For the Nine Months Ended December 31, 2015

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	147,198	21,007	19,947	203	–	188,357
Intersegment	96	7	–	41	(144)	–
Total	147,294	21,015	19,947	245	(144)	188,357
Operating income	6,894	598	1,098	36	(0)	8,627