

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the Fiscal Year Ended March 31, 2017**

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, 2016	March 31, 2017
Assets		
Current assets		
Cash and deposits	20,073	17,402
Notes and accounts receivable - trade	55,056	57,530
Securities	2,093	1,075
Merchandise and finished goods	16,440	17,110
Work in process	13,989	14,340
Raw materials and supplies	13,141	13,973
Deferred tax assets	1,474	1,316
Other	4,407	3,977
Allowance for doubtful accounts	(60)	(61)
Total current assets	126,616	126,665
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,504	30,731
Machinery, equipment and vehicles, net	53,154	46,597
Land	23,276	21,922
Construction in progress	4,305	8,622
Other, net	4,037	3,559
Total property, plant and equipment	117,278	111,432
Intangible assets		
Other	2,994	3,009
Total intangible assets	2,994	3,009
Investments and other assets		
Investment securities	12,386	15,063
Net defined benefit asset	84	995
Deferred tax assets	5,328	5,181
Other	559	503
Allowance for doubtful accounts	(93)	(67)
Total investments and other assets	18,266	21,676
Total non-current assets	138,539	136,118
Deferred assets		
Bond issuance cost	41	86
Total deferred assets	41	86
Total assets	265,197	262,869

(Millions of yen)

	March 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,788	38,519
Short-term loans payable	35,467	34,293
Current portion of long-term loans payable	10,612	15,949
Income taxes payable	1,852	862
Provision for bonuses	1,999	2,012
Provision for directors' bonuses	63	60
Other	17,136	17,821
Total current liabilities	105,920	109,518
Non-current liabilities		
Bonds payable	2,600	6,900
Long-term loans payable	33,201	17,018
Deferred tax liabilities	1,007	1,784
Deferred tax liabilities for land revaluation	507	507
Net defined benefit liability	8,847	8,810
Other	3,004	2,901
Total non-current liabilities	49,169	37,922
Total liabilities	155,089	147,440
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	23,765	23,776
Retained earnings	55,540	62,283
Treasury shares	(2,335)	(2,336)
Total shareholders' equity	95,442	102,196
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,646	6,551
Deferred gains or losses on hedges	(10)	—
Revaluation reserve for land	737	737
Foreign currency translation adjustment	4,709	518
Remeasurements of defined benefit plans	(1,885)	(1,793)
Total accumulated other comprehensive income	8,198	6,014
Non-controlling interests	6,466	7,218
Total net assets	110,107	115,428
Total liabilities and net assets	265,197	262,869

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

(1) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2016 Ended March 31, 2016	Fiscal Year 2017 Ended March 31, 2017
Net sales	254,508	240,502
Cost of sales	216,056	202,845
Gross profit	38,451	37,657
Selling, general and administrative expenses	25,619	25,782
Operating profit	12,832	11,875
Non-operating income		
Interest income	57	51
Dividend income	314	349
Rent income	477	452
Gain on sales of scraps	763	748
Dividend income of insurance	130	136
Other	627	569
Total non-operating income	2,369	2,308
Non-operating expenses		
Interest expenses	1,873	1,348
Sales discounts	196	174
Loss on abandonment of inventories	132	114
Foreign exchange losses	629	304
Depreciation	128	118
Other	108	108
Total non-operating expenses	3,069	2,170
Ordinary profit	12,132	12,013
Extraordinary income		
Gain on disposal of non-current assets	57	533
Gain on sales of investment securities	—	201
Total extraordinary income	57	734
Extraordinary losses		
Loss on disposal of non-current assets	158	254
Impairment loss	9	1,297
Loss on valuation of investment securities	—	45
Total extraordinary losses	167	1,597
Profit before income taxes	12,023	11,150
Income taxes - current	2,821	2,026
Income taxes - deferred	(1,002)	13
Total income taxes	1,819	2,040
Profit	10,203	9,109
Profit attributable to non-controlling interests	898	761
Profit attributable to owners of parent	9,305	8,348

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2016 Ended March 31, 2016	Fiscal Year 2017 Ended March 31, 2017
Profit	10,203	9,109
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,687)	1,922
Deferred gains or losses on hedges	7	10
Revaluation reserve for land	27	—
Foreign currency translation adjustment	(2,374)	(4,190)
Remeasurements of defined benefit plans, net of tax	(2,161)	91
Total other comprehensive income	(6,189)	(2,165)
Comprehensive income	4,014	6,944
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,141	6,163
Comprehensive income attributable to non-controlling interests	873	780

3. Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year 2016 Ended March 31, 2016	Fiscal Year 2017 Ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	12,023	11,150
Depreciation	15,725	15,020
Impairment loss	9	1,297
Increase (decrease) in allowance for doubtful accounts	8	(24)
Increase (decrease) in provision for bonuses	361	13
Increase (decrease) in net defined benefit liability	285	329
Interest and dividend income	(371)	(401)
Interest expenses	1,873	1,348
Loss (gain) on disposal of non-current assets	100	(278)
Loss (gain) on sales of investment securities	—	(201)
Loss (gain) on valuation of investment securities	—	45
Decrease (increase) in notes and accounts receivable - trade	(2,964)	(3,920)
Decrease (increase) in inventories	1,519	(2,772)
Decrease (increase) in other current assets	379	462
Increase (decrease) in notes and accounts payable - trade	(1,920)	357
Increase (decrease) in other current liabilities	1,667	1,245
Other, net	(1,543)	(785)
Subtotal	27,153	22,886
Interest and dividend income received	370	401
Interest expenses paid	(1,935)	(1,378)
Income taxes (paid) refund	(2,803)	(3,356)
Net cash provided by (used in) operating activities	22,784	18,552
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,320)	(16,003)
Proceeds from sales of property, plant and equipment	38	1,186
Purchase of securities	(1,340)	(1,990)
Proceeds from sales of securities	1,340	1,990
Purchase of investment securities	(52)	(64)
Proceeds from sales of investment securities	—	284
Payments into time deposits	(2,775)	(4,001)
Proceeds from withdrawal of time deposits	3,082	3,999
Other, net	(790)	(544)
Net cash provided by (used in) investing activities	(14,817)	(15,142)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,549)	135
Proceeds from long-term loans payable	6,471	609
Repayments of long-term loans payable	(10,606)	(9,996)
Proceeds from issuance of bonds	2,555	4,237
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(1,294)	(1,618)
Other, net	(33)	(28)
Net cash provided by (used in) financing activities	(4,456)	(6,660)
Effect of exchange rate change on cash and cash equivalents	(268)	(428)
Net increase (decrease) in cash and cash equivalents	3,240	(3,679)
Cash and cash equivalents at beginning of period	16,609	19,850
Cash and cash equivalents at end of period	19,850	16,170

4. Segment Information

(1) Industry Segment Information

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

For the Fiscal Year Ended March 31, 2017

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	185,643	26,162	28,457	239	–	240,502
Intersegment	98	11	–	46	(157)	–
Total	185,742	26,173	28,457	286	(157)	240,502
Operating income	9,027	1,468	1,358	20	0	11,875
Total Assets	186,479	25,963	25,150	1,475	23,800	262,869
Depreciation	13,976	666	356	20	–	15,020
Capital Expenditure	16,163	554	112	25	–	16,856

(2) Information by Region

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

For the Fiscal Year Ended March 31, 2017

a. Net sales

(Millions of yen)

Japan	U.S.A.	China	Other	Total
124,959	35,551	37,899	42,092	240,502

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
45,481	9,944	34,789	21,217	111,432