

**RYOBI**

**ANNUAL REPORT**

For the year ended March 31, 2016

**2016**



# CONSOLIDATED BALANCE SHEET

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(As of March 31, 2016)

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Current assets</b>			
Cash and cash equivalents (Note 15).....	¥ 19,850	¥ 16,609	\$ 176,162
Short-term investments (Note 15).....	2,316	2,631	20,561
Notes and accounts receivable (Note 15)			
Trade.....	55,056	52,738	488,607
Unconsolidated subsidiaries.....	30	46	273
Other.....	3,544	4,128	31,455
Allowance for doubtful receivables.....	(60)	(73)	(536)
Inventories (Note 5).....	43,571	45,464	386,684
Deferred tax assets (Note 10).....	1,474	1,201	13,088
Prepaid expenses and other.....	832	775	7,389
Total current assets.....	<u>126,616</u>	<u>123,522</u>	<u>1,123,686</u>
<b>Property, plant and equipment (Notes 6 and 7)</b>			
Land.....	23,276	23,322	206,571
Buildings and structures.....	68,884	67,902	611,325
Machinery and equipment.....	199,767	195,790	1,772,873
Construction in progress.....	4,305	5,176	38,208
Other.....	47	64	425
Total.....	<u>296,281</u>	<u>292,256</u>	<u>2,629,404</u>
Accumulated depreciation.....	<u>(179,003)</u>	<u>(171,977)</u>	<u>(1,588,597)</u>
Net property, plant and equipment.....	<u>117,278</u>	<u>120,278</u>	<u>1,040,806</u>
<b>Investments and other assets</b>			
Investment securities (Notes 4 and 15).....	12,293	14,865	109,098
Investment in unconsolidated subsidiary (Note 15).....	93	93	828
Intangible fixed assets.....	2,994	2,689	26,578
Asset for retirement benefits (Note 8).....	84	1,850	747
Deferred tax assets (Note 10).....	5,328	4,079	47,290
Other.....	601	547	5,335
Allowance for doubtful receivables.....	(93)	(71)	(829)
Total investments and other assets.....	<u>21,302</u>	<u>24,054</u>	<u>189,050</u>
Total.....	<u>¥ 265,197</u>	<u>¥ 267,854</u>	<u>\$ 2,353,544</u>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Current liabilities</b>			
Short-term borrowings (Notes 7 and 15).....	¥ 35,467	¥ 37,802	\$ 314,764
Current portion of long-term debt (Notes 7 and 15).....	10,622	10,637	94,274
Notes and accounts payable (Note 15)			
Trade.....	38,657	40,859	343,073
Unconsolidated subsidiaries.....	135	143	1,201
Other.....	8,301	7,122	73,676
Accrued expenses.....	5,078	4,416	45,068
Income taxes payable.....	1,698	1,787	15,078
Other.....	5,957	4,650	52,873
Total current liabilities.....	<u>105,920</u>	<u>107,419</u>	<u>940,010</u>
<b>Long-term liabilities</b>			
Long-term debt (Notes 7 and 15).....	35,810	38,094	317,803
Liability for retirement benefits (Note 8).....	8,847	8,466	78,521
Deferred tax liabilities (Note 10).....	1,007	2,258	8,943
Other.....	3,503	4,212	31,092
Total long-term liabilities.....	<u>49,169</u>	<u>53,032</u>	<u>436,361</u>
<b>Commitments and contingent liabilities</b> (Notes 13, 14 and 16)			
<b>Equity</b> (Note 9)			
Common stock			
Authorized: 500,000,000 shares			
Issued: 171,230,715 shares.....	18,472	18,472	163,935
Capital surplus.....	23,765	23,757	210,912
Retained earnings.....	55,540	47,529	492,905
Treasury stock (9,381,237 shares in 2016; 9,377,879 shares in 2015).....	(2,335)	(2,334)	(20,729)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities.....	4,646	6,308	41,239
Deferred loss on derivatives under hedge accounting.....	(10)	(18)	(95)
Land revaluation surplus (Note 6).....	737	719	6,547
Foreign currency translation adjustments.....	4,709	7,084	41,796
Defined retirement benefit plans (Note 8).....	(1,885)	267	(16,730)
Total.....	<u>103,640</u>	<u>101,787</u>	<u>919,781</u>
Noncontrolling interests.....	6,466	5,615	57,391
Total equity.....	<u>110,107</u>	<u>107,403</u>	<u>977,172</u>
Total.....	<u>¥ 265,197</u>	<u>¥ 267,854</u>	<u>\$ 2,353,544</u>

# CONSOLIDATED STATEMENT OF INCOME

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2016)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Net sales</b> .....	¥ 254,508	¥ 227,163	\$ 2,258,685
<b>Cost of sales</b> .....	216,056	194,142	1,917,438
Gross profit.....	38,451	33,021	341,247
<b>Selling, general and administrative expenses</b> (Note 11).....	25,619	23,898	227,361
<b>Operating income</b> .....	12,832	9,122	113,886
<b>Other income</b>			
Interest and dividends income.....	371	286	3,295
Rent income.....	477	496	4,233
Foreign exchange gain.....	—	194	—
Other.....	1,578	887	14,012
Total other income.....	2,427	1,864	21,541
<b>Other expenses</b>			
Interest expenses.....	1,873	1,881	16,624
Loss on disposal of property, plant and equipment.....	158	105	1,406
Loss on impairment of Long-lived assets.....	9	—	82
Depreciation.....	128	204	1,142
Other.....	1,067	485	9,471
Total other expenses.....	3,237	2,677	28,727
<b>Income before income taxes</b> .....	12,023	8,310	106,700
<b>Income taxes</b> (Note 10)			
Current.....	2,821	2,868	25,040
Deferred.....	(1,002)	1,063	(8,896)
Total income taxes.....	1,819	3,931	16,144
<b>Net income</b> .....	10,203	4,378	90,556
<b>Net income attributable to noncontrolling interests</b> .....	898	568	7,973
<b>Net income attributable to owners of the parent</b> .....	¥ 9,305	¥ 3,809	\$ 82,582
			U.S. dollars (Note 1)
<b>Per share of common stock</b> (Note 2(16))			
Basic net income.....	¥ 57.49	¥ 23.53	\$ 0.510
Cash dividends applicable to the year.....	9.00	8.00	0.079

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2016)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Net income</b> .....	¥ 10,203	¥ 4,378	\$ 90,556
<b>Other comprehensive income (loss) :</b>			
Unrealized gain (loss) on available-for-sale securities.....	(1,687)	2,318	(14,977)
Deferred gain on derivatives under hedge accounting.....	7	5	66
Land revaluation surplus.....	27	96	240
Foreign currency translation adjustments.....	(2,374)	6,321	(21,076)
Adjustments for retirement benefits.....	(2,161)	813	(19,178)
Total other comprehensive income (loss) (Note 12).....	<u>(6,189)</u>	<u>9,556</u>	<u>(54,926)</u>
<b>Comprehensive income (loss)</b> .....	<u>¥ 4,014</u>	<u>¥ 13,934</u>	<u>\$ 35,629</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent.....	¥ 3,141	¥ 13,161	\$ 27,881
Noncontrolling interests.....	873	773	7,748

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2016)

	Thousands		Millions of yen					
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income		
						Unrealized gain (loss) on available-for-sale securities	Deferred loss on derivatives under hedge accounting	
<b>Balance at April 1, 2014</b> .....	171,231	¥ 18,472	¥ 23,757	¥ 46,661	¥ (2,334)	¥ 4,160	¥ (24)	
Cumulative effects of changes in accounting policies.....	—	—	—	(1,645)	—	—	—	
Restated balance.....	171,231	18,472	23,757	45,015	(2,334)	4,160	(24)	
Net income attributable to owners of the parent.....	—	—	—	3,809	—	—	—	
Cash dividends, ¥8.00 per share.....	—	—	—	(1,294)	—	—	—	
Purchase of treasury stock (660 shares).....	—	—	—	—	(0)	—	—	
Net change in the year.....	—	—	—	—	—	2,147	5	
<b>Balance at March 31, 2015</b> .....	171,231	18,472	23,757	47,529	(2,334)	6,308	(18)	
Net income attributable to owners of the parent.....	—	—	—	9,305	—	—	—	
Cash dividends, ¥8.00 per share.....	—	—	—	(1,294)	—	—	—	
Purchase of treasury stock (3,358 shares)....	—	—	—	—	(1)	—	—	
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	8	—	—	—	—	
Net change in the year.....	—	—	—	—	—	(1,661)	7	
<b>Balance at March 31, 2016</b> .....	171,231	¥ 18,472	¥ 23,765	¥ 55,540	¥ (2,335)	¥ 4,646	¥ (10)	

	Millions of yen					
	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
<b>Balance at April 1, 2014</b> .....	¥ 655	¥ 763	¥ (544)	¥ 91,566	¥ 4,866	¥ 96,433
Cumulative effects of changes in accounting policies.....	—	—	—	(1,645)	(5)	(1,650)
Restated balance .....	655	763	(544)	89,921	4,861	94,783
Net income attributable to owners of the parent.....	—	—	—	3,809	—	3,809
Cash dividends, ¥8.00 per share.....	—	—	—	(1,294)	—	(1,294)
Purchase of treasury stock (660 shares).....	—	—	—	(0)	—	(0)
Net change in the year.....	64	6,321	812	9,351	754	10,105
<b>Balance at March 31, 2015</b> .....	719	7,084	267	101,787	5,615	107,403
Net income attributable to owners of the parent.....	—	—	—	9,305	—	9,305
Cash dividends, ¥8.00 per share.....	—	—	—	(1,294)	—	(1,294)
Purchase of treasury stock (3,358 shares)....	—	—	—	(1)	—	(1)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	—	8	—	8
Net change in the year.....	18	(2,374)	(2,153)	(6,163)	851	(5,312)
<b>Balance at March 31, 2016</b> .....	¥ 737	¥ 4,709	¥ (1,885)	¥ 103,640	¥ 6,466	¥ 110,107

	Thousands of U.S. dollars (Note 1)					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	
					Unrealized gain (loss) on available-for-sale securities	Deferred loss on derivatives under hedge accounting
<b>Balance at March 31, 2015</b> .....	\$ 163,935	\$ 210,838	\$ 421,813	\$ (20,715)	\$ 55,982	\$ (161)
Net income attributable to						
owners of the parent.....	—	—	<b>82,582</b>	—	—	—
Cash dividends, ¥8.00 per share .....	—	—	<b>(11,491)</b>	—	—	—
Purchase of treasury stock (3,358 shares).....	—	—	—	<b>(14)</b>	—	—
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	74	—	—	—	—
Net change in the year.....	—	—	—	—	<b>(14,743)</b>	<b>66</b>
<b>Balance at March 31, 2016</b> .....	<b>\$ 163,935</b>	<b>\$ 210,912</b>	<b>\$ 492,905</b>	<b>\$ (20,729)</b>	<b>\$ 41,239</b>	<b>\$ (95)</b>

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income			Total	Noncontrolling interests	Total equity
	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans			
<b>Balance at March 31, 2015</b> .....	\$ 6,386	\$ 62,873	\$ 2,378	\$ 903,331	\$ 49,838	\$ 953,169
Net income attributable to						
owners of the parent.....	—	—	—	<b>82,582</b>	—	<b>82,582</b>
Cash dividends, ¥8.00 per share .....	—	—	—	<b>(11,491)</b>	—	<b>(11,491)</b>
Purchase of treasury stock (3,358 shares).....	—	—	—	<b>(14)</b>	—	<b>(14)</b>
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	—	74	—	74
Net change in the year.....	<b>161</b>	<b>(21,076)</b>	<b>(19,108)</b>	<b>(54,701)</b>	<b>7,553</b>	<b>(47,148)</b>
<b>Balance at March 31, 2016</b> .....	<b>\$ 6,547</b>	<b>\$ 41,796</b>	<b>\$ (16,730)</b>	<b>\$ 919,781</b>	<b>\$ 57,391</b>	<b>\$ 977,172</b>

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2016)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Operating activities</b>			
Income before income taxes.....	¥ 12,023	¥ 8,310	\$ 106,700
Adjustments for:			
Income taxes - paid.....	(2,803)	(2,852)	(24,883)
Depreciation and amortization.....	15,725	14,269	139,560
Loss on impairment of Long-lived assets.....	9	—	82
Loss on sales or disposals of property, plant and equipment.....	100	96	892
Changes in assets and liabilities			
Increase in notes and accounts receivable.....	(2,518)	(2,361)	(22,349)
Decrease (increase) in inventories.....	1,519	(4,328)	13,483
Decrease (increase) in notes and accounts payable.....	(1,939)	5,597	(17,213)
Increase in accrued expenses.....	377	398	3,348
Other - net.....	291	(797)	2,583
Net cash provided by operating activities.....	<u>22,784</u>	<u>18,331</u>	<u>202,205</u>
<b>Investing activities</b>			
Purchases of property, plant and equipment.....	(14,320)	(14,262)	(127,091)
Proceeds from sale of property, plant and equipment.....	38	39	338
Other.....	(535)	(797)	(4,751)
Net cash used in investing activities.....	<u>(14,817)</u>	<u>(15,019)</u>	<u>(131,504)</u>
<b>Financing activities</b>			
Proceeds from long-term debt.....	6,471	10,547	57,436
Repayments of long-term debt.....	(10,625)	(12,451)	(94,300)
Decrease in short-term borrowings, net.....	(1,549)	(1,666)	(13,749)
Proceeds from issuance of bonds.....	2,555	—	22,683
Acquisition of treasury stock.....	(1)	(0)	(14)
Cash dividends paid.....	(1,294)	(1,294)	(11,486)
Other.....	(13)	(11)	(121)
Net cash used in financing activities.....	<u>(4,456)</u>	<u>(4,876)</u>	<u>(39,552)</u>
<b>Foreign currency translation adjustments on cash and cash equivalents.....</b>			
	<u>(268)</u>	<u>462</u>	<u>(2,386)</u>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>3,240</b>	<b>(1,102)</b>	<b>28,761</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>16,609</b>	<b>17,711</b>	<b>147,400</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>¥ 19,850</b>	<b>¥ 16,609</b>	<b>\$ 176,162</b>

See notes to consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

For the year ended March 31, 2016

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Ryobi Limited (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.68 to \$1, the approximate rate of exchange at March 31, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. The amounts in our financial statements are presented in millions of yen, and amounts of less than one million, as the case may be, have been rounded down unless otherwise specified. In the case of percentages, amounts less than one-tenth of one percent or one-hundredth of one percent, as the case may be, have been rounded down unless otherwise specified.

## 2. Summary of Significant Accounting Policies

### (1) Consolidation

The consolidated financial statements as of March 31, 2016, include the accounts of the Company and its significant subsidiaries (the "Ryobi Group"). Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Ryobi Group has the ability to exercise significant influence are accounted for by the equity method.

#### Consolidated subsidiaries

The major consolidated subsidiaries are listed below:

Tokyo Light Alloy Co., Ltd. (Japan)

RYOBI MHI Graphic Technology Ltd. (Japan)

Ryobi Die Casting (USA), Inc. (U.S.A.)

Ryobi Die Casting Dalian Co., Ltd. (P.R.C.)

a. The number of consolidated subsidiaries as of March 31, 2016, was as follows:

	2016
Consolidated subsidiaries.....	17

b. The number of unconsolidated subsidiaries not accounted for by the equity method as of March 31, 2016, was as follows:

	2016
Unconsolidated subsidiary.....	1

The investment in such unconsolidated subsidiary is stated at cost. If the equity method of accounting had been applied to the investments in this company, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany transactions, account balances and unrealized profits among the companies have been eliminated.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 5 years.

### (2) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" which was subsequently revised in February 2010 and March 2015 to reflect revisions of the relevant Japanese GAAP or accounting standards in other jurisdictions. PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: a) amortization of goodwill; b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in the equity through other comprehensive income; c) expensing capitalized development costs of R&D; and d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting.

### **(3) Business Combinations**

In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: a) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. b) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. c) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

In September, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

a) Transactions with noncontrolling interest - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

b) Presentation of the consolidated balance sheet - In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interest" under the revised accounting standard.

c) Presentation of the consolidated statement of income - In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

d) Provisional accounting treatments for a business combination - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

e) Acquisition-related costs - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for a) transactions with noncontrolling interest, b) presentation of the consolidated balance sheet, c) presentation of the consolidated statement of income, and e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for b) presentation of the consolidated balance sheet and c) presentation of the consolidated statement of income. In case of earlier application, all accounting standards and guidance above, except for b) presentation of the consolidated balance sheet and c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for a) transactions with noncontrolling interest and e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all a) transactions with noncontrolling interest and e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for b) presentation of the consolidated balance sheet and c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company applied the revised accounting standards and guidance for a) transactions with noncontrolling interest, b) presentation of the consolidated balance sheet, c) presentation of the consolidated statement of income, and e) acquisition-related costs above, effective April 1, 2015, and d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for a) transactions with noncontrolling interest and e) acquisition-related costs were applied prospectively.

With respect to b) presentation of the consolidated balance sheet and c) presentation of the consolidated statement of income, the

applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

In the consolidated statement of cash flows for the year ended March 31, 2016, cash flows for purchases or sales of ownership interests in a subsidiary without a change in consolidation scope are presented under financing activities, and cash flows for acquisition-related costs are presented under operating activities.

#### **(4) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposits with banks and financial institutions which are unrestricted as to withdrawal or use, and which have original maturities of three months or less.

#### **(5) Inventories**

Inventories are valued at the lower of cost or net selling value. Cost is determined by methods based on the classification of inventories as follows:

##### a) Finished products and work in process

The Company and domestic subsidiaries mainly use the average method. However, valuation of dies is determined using the specific identification method.

Foreign subsidiaries mainly use the first-in, first-out method.

##### b) Raw materials, supplies and purchased goods

Die castings.....Average method

Others.....Last purchase invoice price method

Foreign subsidiaries mainly use the first-in, first-out method.

#### **(6) Marketable and Investment securities**

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

a) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in income, b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and c) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

#### **(7) Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is primarily computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is principally applied to the property, plant and equipment of consolidated foreign subsidiaries and machinery and equipment held for lease of the Company and all its consolidated subsidiaries.

The range of useful lives is from 3 to 50 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 20 years for other. The useful lives for leased assets are the terms of the respective leases.

#### **(8) Long-lived assets**

The Ryobi Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

#### **(9) Leases**

All finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

#### **(10) Retirement and pension plan**

The Company and domestic consolidated subsidiaries have a contributory or a non-contributory funded pension plan and unfunded pension plans, which cover substantially all of their employees. Certain foreign consolidated subsidiaries have defined benefit pension plans.

Unrecognized prior service cost is amortized at the beginning of the fiscal year by using the straight-line method over the employees' remaining service period or shorter period (primarily 14 years). Unrecognized net actuarial loss is amortized from the next fiscal year by using the straight-line method over the employees' remaining service period or shorter period (primarily 14 years).

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and

relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for a) and b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for a) and b) above, effective March 31, 2014, and for c) above, effective April 1, 2014.

With respect to c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using different discount rates according to the estimated timing of benefit payment and the method of estimating expected future salary increases from salary increases "expected to be certain" to salary increases "expected", and recorded the effect of c) above as of April 1, 2014, in retained earnings.

#### **(11) Bonuses to directors and Audit & Supervisory Board Members**

Bonuses to directors and Audit & Supervisory Board members are accrued at the end of the year to which such bonuses are attributable.

#### **(12) Income taxes**

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

#### **(13) Translation of foreign currency accounts**

All current and non-current receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translations are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

#### **(14) Translation of foreign currency financial statements (accounts of foreign subsidiaries)**

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the current exchange rates as of their balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated overseas subsidiaries are translated into yen at the average exchange rate.

#### **(15) Derivative and hedging activities**

The Ryobi Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Ryobi Group to reduce foreign currency exchange and interest rate risks. The Ryobi Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives, except those which qualify for hedge accounting, are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative translations are recognized in the consolidated statement of income, and b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the maturity of the hedged transaction.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense.

#### **(16) Per share information**

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not calculated because no dilutive instruments were issued and outstanding for the years ended March 31, 2016 and 2015.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

#### **(17) Accounting Changes and Error Corrections**

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

- a) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.
- b) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.
- c) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
- d) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

### (18) New Accounting Pronouncements

On December 28, 2015, the ASBJ issued ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Company expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is in the process of measuring the effects of applying the new guidance in future applicable periods.

### 3. Accounting Change

#### Business Combinations

The Company applied the revised accounting standard and guidance for business combinations effective April 1, 2015.

The effects of this change were to increase capital surplus by ¥8 million (\$74 thousand) and to decrease income before income taxes by ¥8 million (\$74 thousand) for the year ended March 31, 2016.

### 4. Investment Securities

Information regarding each category of the securities classified as available-for-sale at March 31, 2016 and 2015, is as follows:

	Millions of yen			
	2016			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	¥ 3,841	¥ 7,256	¥ (40)	¥ 11,057

	Millions of yen			
	2015			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	¥ 3,789	¥ 9,859	¥ (19)	¥ 13,629

	Thousands of U.S. dollars			
	2016			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	\$ 34,090	\$ 64,398	\$ (357)	\$ 98,131

### 5. Inventories

Inventories at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Finished products and purchased goods.....	¥ 16,440	¥ 18,013	\$ 145,906
Work in process.....	13,989	13,927	124,154
Raw materials and supplies.....	13,141	13,523	116,623
Total.....	¥ 43,571	¥ 45,464	\$ 386,684

## 6. Land Revaluation

Under the "Law of Land Revaluation," a subsidiary elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There is no effect on the consolidated statement of income. Continuous readjustment is not permitted, unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of March 31, 2016, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥990 million (\$8,787 thousand).

## 7. Short-term Borrowings and Long-term Debt

The annual weighted-average interest rates applicable to short-term borrowings were 1.7% and 2.0% at March 31, 2016 and 2015, respectively.

(1) Long-term debt at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Loans principally from banks, insurance companies and others with interest rates ranging from 0.98% to 7.55%			
Secured.....	¥ 10	¥ 10	\$ 88
Unsecured.....	43,803	48,690	388,741
Unsecured 0.41% yen bonds payable, due 2020.....	1,000	—	8,874
Unsecured 0.71% yen bonds payable, due 2020.....	1,300	—	11,537
Unsecured 0.28% yen bonds payable, due 2021.....	300	—	2,662
Lease obligations.....	19	31	173
Total.....	46,432	48,732	412,077
Less current portion.....	(10,622)	(10,637)	(94,274)
Long-term debt less current portion.....	¥ 35,810	¥ 38,094	\$ 317,803

(2) The aggregate annual maturities of long-term debt at March 31, 2016, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
2017.....	¥ 10,622	\$ 94,274
2018.....	16,258	144,292
2019.....	7,158	63,529
2020.....	8,753	77,688
2021.....	3,638	32,292
2022 and thereafter.....	—	—
Total.....	¥ 46,432	\$ 412,077

(3) The assets of the Ryobi Group pledged as collateral for short-term borrowings and long-term debt with banks and other financial institutions at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net book value of property:			
Buildings and structures.....	¥ 2,494	¥ 2,384	\$ 22,139
Machinery and equipment.....	1,193	1,143	10,595
Land.....	2,415	2,415	21,435
Total.....	¥ 6,104	¥ 5,943	\$ 54,171

## 8. Retirement and Pension Plans

The Company and certain of its domestic consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of year (as previously reported).....	¥ 34,949	¥ 31,715	\$ 310,166
Cumulative effects of changes in accounting policies.....	—	2,530	—
Balance at beginning of year (as restated).....	34,949	34,245	310,166
Current service cost.....	1,138	1,101	10,105
Interest cost.....	329	413	2,924
Actuarial losses.....	2,011	1,239	17,852
Benefits paid.....	(1,908)	(2,049)	(16,939)
Balance at end of year.....	¥ 36,520	¥ 34,949	\$ 324,108

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of year.....	¥ 28,333	¥ 25,572	\$ 251,447
Expected return on plan assets.....	982	885	8,719
Actuarial losses.....	(1,256)	1,981	(11,154)
Contributions from the employer.....	1,158	1,488	10,280
Benefits paid.....	(1,460)	(1,594)	(12,959)
Balance at end of year.....	¥ 27,756	¥ 28,333	\$ 246,334

(3) Reconciliation between the liabilities recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016 and 2015, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Funded defined benefit obligation.....	¥ 28,273	¥ 27,076	\$ 250,915
Plan assets.....	(27,756)	(28,333)	(246,334)
Total.....	516	(1,256)	4,581
Unfunded defined benefit obligation.....	8,247	7,872	73,192
Net liabilities arising from defined benefit obligation.....	8,763	6,616	77,774
Liability for retirement benefits.....	8,847	8,466	78,521
Asset for retirement benefits.....	(84)	(1,850)	(747)
Net liabilities arising from defined benefit obligation.....	¥ 8,763	¥ 6,616	\$ 77,774

(4) The components of net periodic benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost.....	¥ 1,138	¥ 1,101	\$ 10,105
Interest cost.....	329	413	2,924
Expected return on plan assets.....	(982)	(885)	(8,719)
Amortization of prior service cost.....	(219)	(208)	(1,944)
Recognized actuarial losses.....	376	687	3,344
Others.....	95	86	843
Net periodic benefit costs.....	¥ 738	¥ 1,195	\$ 6,553

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Prior service cost.....	¥ 219	¥ 208	\$ 1,944
Actuarial losses.....	2,891	(687)	25,661
Total.....	¥ 3,110	¥ (479)	\$ 27,606

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized prior service cost.....	¥ (378)	¥ (597)	\$ (3,358)
Unrecognized actuarial losses.....	3,118	226	27,673
Total.....	¥ 2,739	¥ (370)	\$ 24,315

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2016 and 2015, consisted of the following:

	2016	2015
Debt investments.....	53 %	60 %
Equity investments.....	30	32
Others.....	17	8
Total.....	100 %	100 %

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2016 and 2015, are set forth as follows:

	2016	2015
Discount rate.....	0.4-0.6 %	0.8-1.1 %
Expected rate of return on plan assets.....	3.5 %	3.5 %

## 9. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### (1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally for companies that meet certain criteria including: a) having a Board of Directors, b) having independent auditors, c) having an Audit & Supervisory Board, and d) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

### (2) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

### (3) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 10. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 32.1% and 34.6% for the years ended March 31, 2016 and 2015, respectively.

(1) The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Liability for retirement benefits.....	2,951	2,740	26,197
Tax loss carryforwards.....	15,026	15,638	133,354
Other.....	4,175	4,070	37,052
Less valuation allowance.....	(12,452)	(14,473)	(110,513)
Total.....	¥ 9,700	¥ 7,976	\$ 86,091
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities.....	¥ (2,144)	¥ (3,079)	\$ (19,029)
Other.....	(1,891)	(2,122)	(16,787)
Total.....	¥ (4,035)	¥ (5,201)	\$ (35,817)
Net deferred tax assets.....	¥ 5,664	¥ 2,774	\$ 50,273

(2) The reconciliation between the normal effective statutory tax rates for the years ended March 31, 2016 and 2015, and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2016	2015
Normal effective statutory tax rate.....	32.1 %	34.6 %
Expenses not deductible for income tax purposes.....	1.1	1.8
Dividends not taxable for income tax purposes.....	(1.8)	(1.9)
Consolidated elimination of dividends receivable.....	1.6	1.4
Unrealized profit that exceeds total taxable income.....	0.1	0.2
Less valuation allowance.....	(13.0)	8.3
Tax credit for research and development costs and other.....	(2.5)	(2.2)
Difference in tax rate applicable to overseas subsidiaries.....	(2.7)	(2.5)
Retained earnings of entities such as overseas subsidiaries.....	1.1	2.4
Taxation on per capita basis.....	0.5	0.7
Effect of tax rate reduction.....	(2.4)	3.2
Other, net.....	0.9	1.1
Actual effective tax rate.....	15.1 %	47.3 %

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on April 1, 2016, and 2017, to approximately 29.9%, and for the fiscal year beginning on or after April 1, 2018, to approximately 29.7%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥61 million (\$547 thousand), and defined retirement benefit plan by ¥37 million (\$336 thousand), and to increase income taxes by ¥38 million (\$1,226 thousand), unrealized gain on available-for-sale securities by ¥114 million (\$1,013 thousand), and deferred gain on derivatives under hedge accounting by ¥0 million (\$1 thousand), and to decrease land revaluation surplus by ¥27 million (\$240 thousand), with an increase of ¥27 million (\$240 thousand) in related deferred tax liability.

## 11. Research and Development Costs

Research and development costs were ¥1,986 million (\$17,625 thousand) and ¥2,010 million for the years ended March 31, 2016 and 2015, respectively.

## 12. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year.....	¥ (2,623)	¥ 3,054	\$ (23,286)
Amount before income tax effect.....	(2,623)	3,054	(23,286)
Income tax effect.....	936	(735)	8,308
Total.....	(1,687)	2,318	(14,977)
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year.....	11	10	100
Amount before income tax effect.....	11	10	100
Income tax effect.....	(3)	(4)	(34)
Total.....	7	5	66
Land revaluation surplus:			
Income tax effect.....	27	96	240
Foreign currency translation adjustments:			
Adjustments arising during the year.....	(2,374)	6,321	(21,076)
Adjustments for retirement benefits:			
Gains (losses) arising during the year.....	(2,788)	742	(24,749)
Reclassification adjustments to profit or loss.....	(321)	479	(2,856)
Amount before income tax effect.....	(3,110)	1,221	(27,606)
Income tax effect.....	949	(408)	8,427
Total.....	(2,161)	813	(19,178)
Total other comprehensive income (loss).....	¥ (6,189)	¥ 9,556	\$ (54,926)

### 13. Leases

Future minimum lease payments of the Ryobi Group as of March 31, 2016 and 2015, under non-cancelable operating leases were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Current.....	¥ 54	¥ 58	\$ 486
Non-current.....	77	78	691
Total.....	¥ 132	¥ 137	\$ 1,177

### 14. Contingent Liabilities

The Ryobi Group had the following contingent liabilities at March 31, 2016 and 2015.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Guarantees and similar items			
Leases.....	242	331	2,150
Total.....	¥ 242	¥ 331	\$ 2,150

### 15. Financial Instruments and Related Disclosures

#### (1) Group policy for financial instruments

The Ryobi Group uses financial instruments, mainly long-term debt including bank loans and lease obligations, based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets. Short-term bank loans are used to fund the Group's ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 16.

#### (2) Nature and extent of risks arising from financial instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly equity instruments of customers and suppliers of the Company, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Maturities of bank loans, bonds payable and lease obligations are less than four years and ten months after the balance sheet date. Although a part of such bank loans and lease obligation are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts, interest-rate swaps and currency swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, from changes in interest rates of bank loans and from changes in foreign currency exchange rates of bank loans, respectively. Please see Note 16 for more details about derivatives

#### (3) Risk management for financial instruments

##### a. Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Ryobi Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to derivatives, the Ryobi Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with its internal guidelines. Please see Note 16 for details about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2016.

##### b. Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Interest-rate swaps and currency swaps are used to manage exposure to market risks from changes in interest rates and foreign currency exchanges rate of bank loans.

Marketable and investments in securities are managed by monitoring market values and financial position of issuers on a regular basis.

The execution of derivatives is controlled by the Finance Department of the Company and by the Finance Division of each of its consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

##### c. Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning by the corporate treasury department.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 16 for details about fair value of derivatives.

a. Fair value of financial instruments

Fair value of financial instruments at March 31, 2016 and 2015, was follows:

	Millions of yen		
	2016		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents.....	¥ 19,850	¥ 19,850	¥ —
Short-term investments.....	2,316	2,316	—
Notes and accounts receivable.....	58,570	58,570	—
Investment securities.....	12,293	12,293	—
Total.....	¥ 93,031	¥ 93,031	¥ —
Short-term borrowings.....	¥ 35,467	¥ 35,467	¥ —
Notes and accounts payable.....	47,094	47,094	—
Bonds payable.....	2,600	2,624	24
Long-term debt.....	43,832	44,227	394
Total.....	128,995	129,414	419
Derivatives transaction.....	¥ (17)	¥ (17)	¥ —

	Millions of yen		
	2015		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents.....	¥ 16,609	¥ 16,609	¥ —
Short-term investments.....	2,631	2,631	—
Notes and accounts receivable.....	56,840	56,840	—
Investment securities.....	14,865	14,865	—
Total.....	¥ 90,946	¥ 90,946	¥ —
Short-term borrowings.....	¥ 37,802	¥ 37,802	¥ —
Notes and accounts payable.....	48,124	48,124	—
Long-term debt.....	48,732	48,682	(49)
Total.....	134,659	134,609	(49)
Derivatives transaction.....	¥ (26)	¥ (26)	¥ —

	Thousands of U.S. dollars		
	2016		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents.....	\$ 176,162	\$ 176,162	\$ —
Short-term investments.....	20,561	20,561	—
Notes and accounts receivable.....	519,799	519,799	—
Investment securities.....	109,098	109,098	—
Total.....	825,622	825,622	—
Short-term borrowings.....	\$ 314,764	\$ 314,764	\$ —
Notes and accounts payable.....	417,952	417,952	—
Bonds payable.....	23,074	23,290	216
Long-term debt.....	389,003	392,508	3,504
Total.....	1,144,794	1,148,515	3,721
Derivatives transaction.....	\$ (154)	\$ (154)	\$ —

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value because of their short maturities.

Short-term investments

The carrying amount of short-term investments approximates fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for the equity instruments.

Fair value information for investment securities by classification is included in Note 4.

Notes and accounts receivable

The carrying amount of notes and accounts receivable approximates fair value because of their short maturities.

Short-term borrowings

The carrying amount of short-term borrowings approximates fair value because of their short maturities.

Notes and accounts payable

The carrying amount of notes and accounts payable approximates fair value because of their short maturities.

Bonds payable

The fair values of bonds payable are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

Fair value information for derivatives is included in Note 16.

b. Financial instruments whose fair value cannot be reliably determined

Financial instruments whose fair value cannot be reliably determined at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	
Investments in equity instruments that do not have a quoted market price in an active market.....	¥ 1,235	¥ 1,236	\$	10,967
Investments in unconsolidated subsidiaries and affiliates.....	¥ 93	¥ 93	\$	828

c. Maturity analysis for financial assets with contractual maturities

Maturity analysis for financial assets with contractual maturities at March 31, 2016 and 2015, were as follows:

	Millions of yen			
	2016			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	¥ 19,850	¥ —	¥ —	¥ —
Short-term investments.....	2,316	—	—	—
Notes and accounts receivable.....	58,590	40	—	—
Total.....	¥ 80,757	¥ 40	¥ —	¥ —

	Millions of yen			
	2015			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	¥ 16,609	¥ —	¥ —	¥ —
Short-term investments.....	2,631	—	—	—
Notes and accounts receivable.....	56,840	72	—	—
Total.....	¥ 76,081	¥ 72	¥ —	¥ —

	Thousands of U.S. dollars			
	2016			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	\$ 176,162	\$ —	\$ —	\$ —
Short-term investments.....	20,561	—	—	—
Notes and accounts receivable.....	519,973	362	—	—
Total.....	\$ 716,698	\$ 362	\$ —	\$ —

Please see Note 7 for annual maturities of long-term debt.

## 16. Derivatives

The Ryobi Group enters into foreign exchange forward contracts and interest rate swaps to hedge risk and reduce exposure to fluctuations in market values of foreign exchange rates and interest rates associated with certain assets and liabilities.

All derivative transactions are related to qualified hedges of interest and foreign currency exposures incorporated with its business. Market risk of these derivatives is basically offset by opposite movements in the value of hedged assets. The Ryobi Group does not hold or issue derivatives for speculative or trading purposes.

Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates. The Ryobi Group does not anticipate any losses arising from credit risk because the counterparties to these derivatives are limited to major international financial institutions.

The execution of derivatives is controlled by the Finance Department of the Company, and by the Finance Division of consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

(1) Derivative transactions to which hedge accounting is not applied

The Ryobi Group had the following derivative contracts outstanding as of March 31, 2016:

	Millions of yen			
	2016			
	Contract Amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts—				
Selling U.S. dollars.....	¥ 145	¥ —	¥ 4	¥ 4
Selling Euro.....	20	—	(0)	(0)
Currency swaps—				
Receiving U.S. dollars				
Paying Chinese Yuan.....	512	281	(6)	(6)
Total.....	¥ 677	¥ 281	¥ (2)	¥ (2)

	Millions of yen			
	2016			
	Contract Amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts—				
Selling U.S. dollars.....	\$ 1,286	\$ —	\$ 41	\$ 41
Selling Euro.....	184	—	(2)	(2)
Currency swaps—				
Receiving U.S. dollars				
Paying Chinese Yuan.....	4,544	2,494	(57)	(57)
Total.....	\$ 6,016	\$ 2,494	\$ (18)	\$ (18)

(2) Derivative transactions to which hedge accounting is applied

The Ryobi Group had the following derivative contracts outstanding as of March 31, 2016 and 2015:

Millions of yen				
2016				
Hedge item	Contract Amount	Contract amount due after one year	Fair value	
Interest rate sw aps— fixed rate payment, floating rate receipt.....	¥ 1,800	¥ —	¥	(15)
Interest rate sw aps— fixed rate payment, floating rate receipt (see note).....	¥ 14,917	¥ 13,417	¥	—

Millions of yen				
2015				
Hedge item	Contract Amount	Contract amount due after one year	Fair value	
Interest rate sw aps— fixed rate payment, floating rate receipt.....	¥ 1,800	¥ 1,800	¥	(26)
Interest rate sw aps— fixed rate payment, floating rate receipt (see note).....	¥ 16,134	¥ 15,134	¥	—

Thousands of U.S. dollars				
2016				
Hedge item	Contract Amount	Contract amount due after one year	Fair value	
Interest rate sw aps— fixed rate payment, floating rate receipt.....	\$ 15,974	\$ —	\$	(135)
Interest rate sw aps— fixed rate payment, floating rate receipt (see note).....	\$ 132,390	\$ 119,078	\$	—

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

Note: The above interest rate swaps, which qualify for hedge accounting and which meet specific matching criteria, are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 15 is included in that of hedge items (i.e., long-term debt).

## 17. Segment Information

### (1) Description of reportable segments

The Ryobi Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the segments "Die castings," "Power tools and builders' hardware," and "Printing equipment."

Die castings consist of die cast products for the automobile industry and various other industries. Power tools and builders' hardware consists of electric power tools, lawn and garden equipment and builders' hardware. Printing equipment consists of offset printing presses and peripherals.

### (2) Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

### (3) Information about sales, profit, assets and other items is as follows:

	Millions of yen					
	2016					
	Die castings	Power tools and builders' hardware	Printing equipment	Others	Reconciliations	Consolidated
Net sales:						
Sales to external customers.....	¥ 198,809	¥ 27,076	¥ 28,383	¥ 239	¥ —	¥ 254,508
Intersegment sales or transfers.....	112	11	—	45	(169)	—
Total.....	198,921	27,088	28,383	284	(169)	254,508
Segment profit.....	¥ 10,534	¥ 430	¥ 1,848	¥ 19	¥ 0	¥ 12,832
Segment assets.....	¥ 192,307	¥ 26,949	¥ 24,758	¥ 1,476	¥ 19,704	¥ 265,197
Depreciation and amortization.....	14,655	681	366	23	—	15,725
Increase in property, plant and equipment and intangible assets.....	¥ 15,384	¥ 673	¥ 145	¥ 39	¥ —	¥ 16,243

	Millions of yen					
	2015					
	Die castings	Power tools and builders' hardware	Printing equipment	Others	Reconciliations	Consolidated
Net sales:						
Sales to external customers.....	¥ 173,329	¥ 26,236	¥ 27,380	¥ 216	¥ —	¥ 227,163
Intersegment sales or transfers.....	144	7	—	43	(196)	—
Total.....	173,474	26,244	27,380	260	(196)	227,163
Segment profit.....	¥ 6,672	¥ 812	¥ 1,625	¥ 11	¥ (0)	¥ 9,122
Segment assets.....	¥ 193,066	¥ 27,347	¥ 24,706	¥ 1,408	¥ 21,326	¥ 267,854
Depreciation and amortization.....	13,193	688	374	12	—	14,269
Increase in property, plant and equipment and intangible assets.....	¥ 14,778	¥ 627	¥ 166	¥ 20	¥ —	¥ 15,592

	Thousands of U.S. dollars					
	2016					
	Die castings	Power tools and builders' hardware	Printing equipment	Others	Reconciliations	Consolidated
Net sales:						
Sales to external customers.....	\$ 1,764,375	\$ 240,296	\$ 251,890	\$ 2,122	\$ —	\$ 2,258,685
Intersegment sales or transfers.....	994	105	—	404	(1,503)	—
Total.....	1,765,370	240,401	251,890	2,527	(1,503)	2,258,685
Segment profit.....	\$ 93,490	\$ 3,820	\$ 16,405	\$ 168	\$ 1	\$ 113,886
Segment assets.....	\$ 1,706,669	\$ 239,171	\$ 219,725	\$ 13,106	\$ 174,871	\$ 2,353,544
Depreciation and amortization.....	130,061	6,043	3,248	206	—	139,560
Increase in property, plant and equipment and intangible assets.....	\$ 136,530	\$ 5,975	\$ 1,294	\$ 352	\$ —	\$ 144,152

Note: Businesses that cannot be classified into the reportable segments are shown as "Others."

This includes an insurance agency and the operation of a golf course.

#### (4) Related Information

##### Information about geographical areas

###### a. Net sales

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net sales:			
Japan.....	¥ 128,161	¥ 126,019	\$ 1,137,394
U.S.A. ....	42,752	34,238	379,418
China.....	38,131	29,741	338,402
Others.....	45,463	37,164	403,470
Total.....	¥ 254,508	¥ 227,163	\$ 2,258,685

Note: Sales are classified by country or region based on the location of customers.

###### b. Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Property, plant and equipment:			
Japan.....	¥ 47,246	¥ 45,002	\$ 419,300
U.S.A. ....	7,474	8,106	66,335
China.....	40,633	45,978	360,611
Others.....	21,922	21,190	194,559
Total.....	¥ 117,278	¥ 120,278	\$ 1,040,806

## 18. Subsequent Events

### Cash dividends

The following appropriation of retained earnings at March 31, 2016, is scheduled for approval at the Company's shareholders meeting on June 23, 2016:

	Millions of yen	Thousands of U.S. dollars
Cash dividends.....	¥ 809	\$ 7,181

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ryobi Limited:

We have audited the accompanying consolidated balance sheet of Ryobi Limited and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ryobi Limited and its consolidated subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 23, 2016

# CORPORATE INFORMATION

## CORPORATE DATA

**Company Name**  
RYOBI LIMITED

**Established**  
December 16, 1943

**Major Products**  
Die cast products  
Power tools  
(electric power tools, lawn and garden equipment, etc.)  
Builders' hardware  
(door closers, hinges, architectural hardware, etc.)  
Printing equipment  
(offset printing presses, peripherals, etc.)

**Head Office**  
762 Mesaki-cho, Fuchu-shi, Hiroshima-ken 726-8628, Japan  
Telephone: 81-847-41-1111

**Tokyo Branch**  
5-2-8 Toshima, Kita-ku, Tokyo 114-8518, Japan  
Telephone: 81-3-3927-5541

**Toranomon Office**  
Toranomon Central Building  
1-7-1 Nishishinbashi, Minato-ku, Tokyo 105-0003, Japan  
Telephone: 81-3-3927-5541

## MANAGEMENT MEMBERS

(As of June 23, 2016)

### BOARD OF DIRECTORS

<b>Representative Director</b>	Akira Urakami
<b>Director</b>	Takashi Yokoyama
<b>Director</b>	Kenjiro Suzuki
<b>Director *</b>	Satoshi Ohoka
<b>Director</b>	Hiroyuki Kawaguchi
<b>Director *</b>	Yuji Yamamoto
<b>Director</b>	Takashi Suzuki
<b>Director</b>	Tatsuyoshi Mochizuki
<b>* Outside Director</b>	

### CORPORATE OFFICERS

<b>President</b>	Akira Urakami
<b>Executive Corporate Officer</b>	Takashi Yokoyama
<b>Corporate Officer</b>	Kenjiro Suzuki
<b>Corporate Officer</b>	Hiroyuki Kawaguchi
<b>Corporate Officer</b>	Takashi Suzuki
<b>Corporate Officer</b>	Tatsuyoshi Mochizuki
<b>Corporate Officer</b>	Yoshimi Takino
<b>Corporate Officer</b>	Takashi Kayano
<b>Corporate Officer</b>	Teizo Sakamoto

### CORPORATE AUDITORS

<b>Standing Corporate Auditor</b>	Shozo Kobayashi
<b>Corporate Auditor *</b>	Yoichi Arai
<b>Corporate Auditor *</b>	Takashi Hatagawa
<b>* Outside Corporate Auditor</b>	

## MAJOR CONSOLIDATED SUBSIDIARIES

Ryobi Mirasaka Co.(Japan)	Die casting manufacturing
Ryobi Mitsugi Co.(Japan)	Die casting manufacturing
Tokyo Light Alloy Co., Ltd.(Japan)	Cast aluminum and die casting manufacturing and sales
Ikuno Co.(Japan)	Secondary aluminum alloy bullion manufacturing and sales
Ryobi Sales Co.(Japan)	Power tools and lawn and garden equipment sales
RYOBI MHI Graphic Technology Ltd.(Japan)	Printing equipment and related product manufacturing and sales
Ryobi Die Casting(USA), Inc.(U.S.A.)	Die casting manufacturing and sales
RDCM, S.de R.L.de C.V.(Mexico)	Die casting manufacturing
Ryobi Aluminium Casting(UK), Limited(U.K.)	Die casting manufacturing and sales
Ryobi Die Casting Dalian Co., Ltd.(P.R.C.)	Die casting and die manufacturing and sales
Ryobi Die Casting Changzhou Co., Ltd.(P.R.C.)	Die casting manufacturing and sales
Ryobi Die Casting (Thailand) Co., Ltd.(Thailand)	Die casting manufacturing and sales
Ryobi (Shanghai) Sales, Ltd.(P.R.C.)	Die casting and die sales
Ryobi Dalian Machinery Co., Ltd.(P.R.C.)	Power tools, lawn and garden equipment and builders' hardware manufacturing and sales

## SHAREHOLDER INFORMATION

### Number of Shares Issued

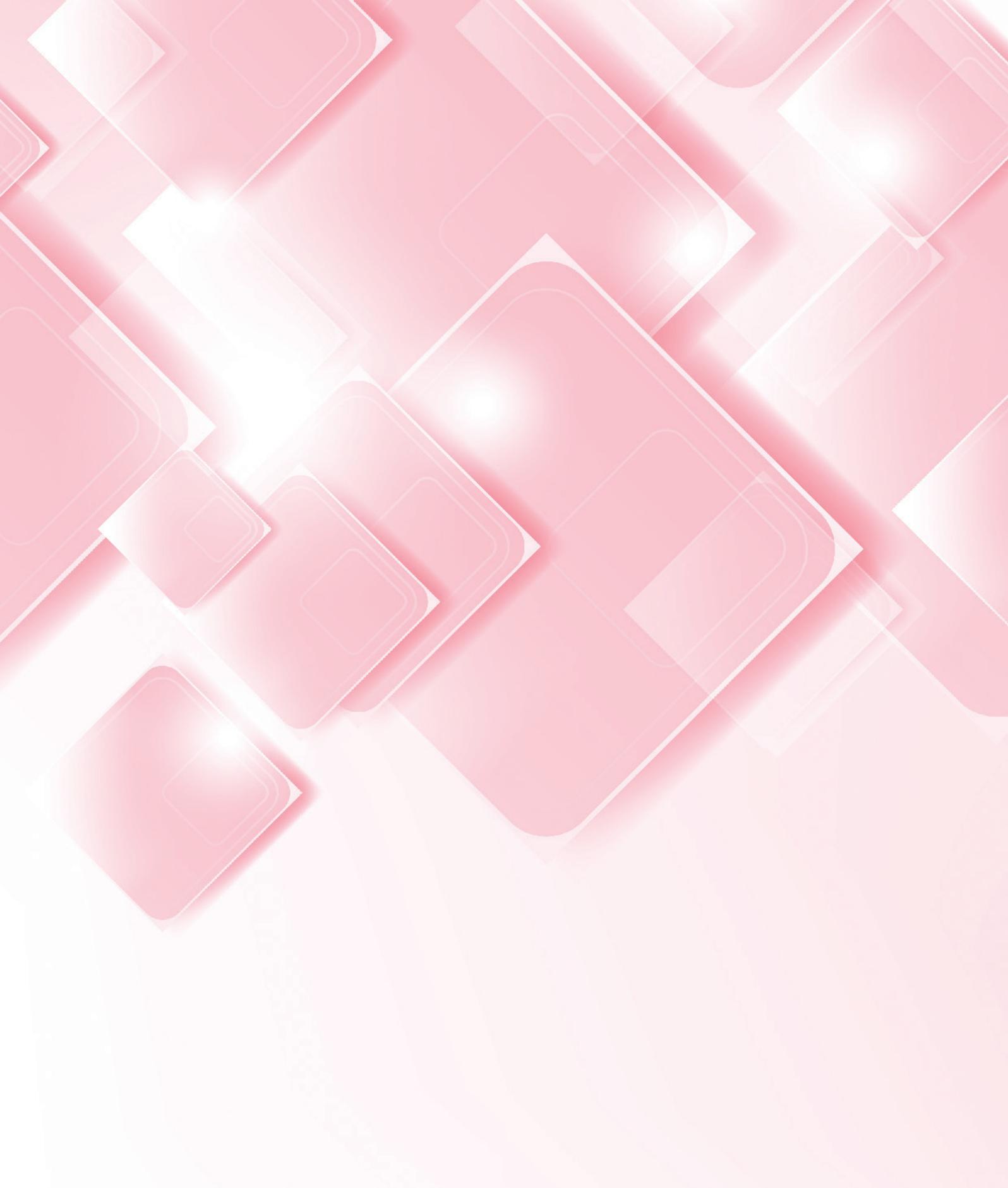
(As of March 31, 2016)  
171,230,715 shares

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation  
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

### Stock listing

Tokyo Stock Exchange



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**RYOBI** RYOBI LIMITED

Head Office 762 Mesaki-cho, Fuchu-shi, Hiroshima-ken 726-8628, Japan  
Telephone:81-847-41-1111

Tokyo Branch 5-2-8 Toshima, Kita-ku, Tokyo 114-8518, Japan  
Telephone:81-3-3927-5541

<http://www.ryobi-group.co.jp/>

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