

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the Fiscal Year Ended March 31, 2015**

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, 2014	March 31, 2015
ASSETS		
Current assets:		
Cash and deposits	18,419	17,848
Notes and accounts receivable	48,096	52,738
Marketable securities	1,493	1,393
Finished products and purchased goods	15,840	18,013
Work in process	12,401	13,927
Raw materials and supplies	11,229	13,523
Deferred tax assets	1,184	1,201
Other current assets	5,041	4,950
Allowance for doubtful accounts	(79)	(73)
Total current assets	113,626	123,522
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	31,286	32,856
Machinery and equipment (net)	48,645	54,738
Land	23,224	23,322
Construction in progress	4,523	5,176
Other fixed assets (net)	3,572	4,184
Total property, plant and equipment	111,253	120,278
Intangible fixed assets:		
Other intangible fixed assets	2,467	2,689
Total intangible fixed assets	2,467	2,689
Investments and other assets:		
Investment in securities	11,858	14,958
Net defined benefit asset	1,424	1,850
Deferred tax assets	3,874	4,079
Other	554	547
Allowance for doubtful accounts	(83)	(71)
Total investments and other assets	17,628	21,364
Total fixed assets	131,349	144,332
Total assets	244,976	267,854

	(Millions of yen)	
	March 31, 2014	March 31, 2015
LIABILITIES		
Current liabilities:		
Notes and accounts payable	35,171	40,994
Short-term borrowings	37,277	37,802
Current portion of long-term debt	12,159	10,622
Income taxes payable	1,753	1,866
Accrued bonuses	1,569	1,637
Accrued bonuses to directors	42	41
Other current liabilities	11,654	14,454
Total current liabilities	99,627	107,419
Long-term liabilities:		
Long-term debt	35,920	38,077
Deferred tax liabilities	1,203	2,258
Deferred tax liabilities for revaluation	630	534
Net defined benefit liability	7,567	8,466
Other long-term liabilities	3,592	3,694
Total long-term liabilities	48,914	53,032
Total liabilities:	148,542	160,451
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,757	23,757
Retained earnings	46,661	47,529
Treasury stock	(2,334)	(2,334)
Total shareholders' equity	86,556	87,425
Accumulated other comprehensive income :		
Unrealized gain on available-for-sale securities	4,160	6,308
Deferred loss on derivatives under hedge accounting	(24)	(18)
Land revaluation reserve	655	719
Foreign currency translation adjustments	763	7,084
Remeasurements of defined benefit plans	(544)	267
Total accumulated other comprehensive income	5,010	14,362
Minority interests	4,866	5,615
Total net assets	96,433	107,403
Total liabilities and net assets	244,976	267,854

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

(1) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2014 Ended March 31, 2014	Fiscal Year 2015 Ended March 31, 2015
Net sales	199,697	227,163
Cost of sales	169,539	194,142
Gross profit	30,158	33,021
Selling, general and administrative expenses	22,493	23,898
Operating income	7,665	9,122
Non-operating income		
Interest income	41	45
Dividends income	174	240
Rent income	309	496
Exchange gain	449	194
Subsidy income	327	-
Gain on sale of scrap	305	308
Cash dividends for insurance	111	126
Miscellaneous income	320	436
Total non-operating income	2,041	1,847
Non-operating expenses		
Interest expenses	1,706	1,881
Cash discounts	207	215
Loss on abandonment of inventories	275	26
Depreciation	32	204
Miscellaneous expenses	219	243
Total non-operating expenses	2,442	2,571
Ordinary income	7,264	8,399
Extraordinary income		
Gain on sale of fixed assets	22	8
Gain on negative goodwill	0	7
Total extraordinary income	22	16
Extraordinary losses		
Loss on disposal of fixed assets	194	105
Impairment loss on fixed assets	1,611	-
Loss on devaluation of golf club membership	45	-
Total extraordinary losses	1,850	105
Income before income taxes and minority interests	5,436	8,310
Income taxes		
Current	2,356	2,868
Deferred	(1,274)	1,063
Total Income taxes	1,081	3,931
Income before gain on minority interests	4,355	4,378
Gain on minority interests	222	568
Net income	4,132	3,809

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2014 Ended March 31, 2014	Fiscal Year 2015 Ended March 31, 2015
Income before gain on minority interests	4,355	4,378
Other comprehensive income		
Unrealized gain on available-for-sale securities	1,424	2,318
Deferred loss on derivatives under hedge accounting	26	5
Land revaluation reserve	–	96
Foreign currency translation adjustments	9,056	6,321
Remeasurements of defined benefit plans	–	813
Total other comprehensive income	10,508	9,556
Comprehensive income	14,863	13,934
Comprehensive income attributable to:		
Owners of the parent	14,495	13,161
Minority interests	367	773

3. Consolidated Statements of Changes in Net Assets

For the Fiscal Year Ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	18,472	23,757	43,364	(2,333)	83,260
Cumulative effects of changes in accounting policies					–
Restated Balance	18,472	23,757	43,364	(2,333)	83,260
Changes of items during the year					
Dividends from surplus			(971)		(971)
Net income			4,132		4,132
Acquisition of treasury stock				(0)	(0)
Change of scope of consolidation			135		135
Net changes of items other than shareholders' equity					
Total changes of items during the year	–	–	3,296	(0)	3,296
Balance at end of year	18,472	23,757	46,661	(2,334)	86,556

	Accumulated other comprehensive loss						Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss		
Balance at beginning of year	2,880	(51)	655	(8,293)	–	(4,808)	1,316	79,767
Cumulative effects of changes in accounting policies								–
Restated Balance	2,880	(51)	655	(8,293)	–	(4,808)	1,316	79,767
Changes of items during the year								
Dividends from surplus								(971)
Net income								4,132
Acquisition of treasury stock								(0)
Change of scope of consolidation								135
Net changes of items other than shareholders' equity	1,280	26	–	9,056	(544)	9,819	3,550	13,369
Total changes of items during the year	1,280	26	–	9,056	(544)	9,819	3,550	16,666
Balance at end of year	4,160	(24)	655	763	(544)	5,010	4,866	96,433

For the Fiscal Year Ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	18,472	23,757	46,661	(2,334)	86,556
Cumulative effects of changes in accounting policies			(1,645)		(1,645)
Restated Balance	18,472	23,757	45,015	(2,334)	84,911
Changes of items during the year					
Dividends from surplus			(1,294)		(1,294)
Net income			3,809		3,809
Acquisition of treasury stock				(0)	(0)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					
Total changes of items during the year	-	-	2,514	(0)	2,514
Balance at end of year	18,472	23,757	47,529	(2,334)	87,425

	Accumulated other comprehensive loss						Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss		
Balance at beginning of year	4,160	(24)	655	763	(544)	5,010	4,866	96,433
Cumulative effects of changes in accounting policies							(5)	(1,650)
Restated Balance	4,160	(24)	655	763	(544)	5,010	4,861	94,783
Changes of items during the year								
Dividends from surplus								(1,294)
Net income								3,809
Acquisition of treasury stock								(0)
Change of scope of consolidation								-
Net changes of items other than shareholders' equity	2,147	5	64	6,321	812	9,351	754	10,105
Total changes of items during the year	2,147	5	64	6,321	812	9,351	754	12,620
Balance at end of year	6,308	(18)	719	7,084	267	14,362	5,615	107,403

4. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal Year 2014 Ended March 31, 2014	Fiscal Year 2015 Ended March 31, 2015
Cash flows from operating activities:		
Income before income taxes and minority interests	5,436	8,310
Depreciation and amortization	13,141	14,269
Impairment loss on fixed assets	1,611	-
Increase (decrease) in allowance for doubtful accounts	72	(17)
Increase in reserve for bonuses	263	68
Decrease in accrued severance indemnities	(5,903)	-
Increase in net defined benefit liability	6,814	805
Interest and dividends income	(215)	(286)
Interest expenses	1,706	1,881
Loss on sale or disposal of fixed assets	171	96
Increase in notes and accounts receivable	(4,304)	(2,918)
Increase in inventories	(2,017)	(4,328)
Decrease in other current assets	1,082	546
Increase in notes and accounts payable	1,291	5,099
Other increases in current liabilities	675	902
Other	(1,525)	(1,745)
Subtotal	18,300	22,683
Interest and dividends received	216	286
Interest paid	(1,775)	(1,786)
Income taxes paid	(336)	(2,852)
Net cash provided by operating activities	16,404	18,331
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(20,819)	(14,262)
Proceeds from sale of property, plant and equipment	191	39
Payment for purchases of marketable securities	(1,340)	(1,340)
Proceeds from sale of marketable securities	1,340	1,340
Payment for purchase of investment in securities	(30)	(45)
Payment for time deposits	(2,775)	(3,309)
Proceeds from repayment of time deposits	2,775	2,939
Other	(437)	(381)
Net cash used in investing activities	(21,096)	(15,019)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	2,193	(1,666)
Proceeds from long-term debt	7,211	10,547
Repayment of long-term debt	(9,287)	(12,429)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(968)	(1,294)
Other	(82)	(33)
Net cash used in financing activities	(934)	(4,876)
Foreign currency translation adjustments on cash and cash equivalents	1,086	462
Net decrease in cash and cash equivalents	(4,539)	(1,102)
Cash and cash equivalents at beginning of year	21,844	17,711
Net increase in cash and cash equivalents from newly consolidated subsidiary	98	-
Net increase in cash and cash equivalents from newly corporate division	309	-
Cash and cash equivalents at end of year	17,711	16,609

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

For the Fiscal Year Ended March 31, 2014

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:							
Unaffiliated customers	154,480	25,960	19,027	229	199,697	-	199,697
Intersegment	128	7	-	30	166	(166)	-
Total	154,608	25,967	19,027	259	199,864	(166)	199,697
Operating income	6,250	1,103	305	6	7,665	(0)	7,665
Total assets	175,041	25,866	23,797	1,358	226,064	18,912	244,976
Depreciation and amortization	11,994	696	432	18	13,141	-	13,141
Capital expenditure	15,353	611	249	13	16,228	-	16,228

For the Fiscal Year Ended March 31, 2015

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:							
Unaffiliated customers	173,329	26,236	27,380	216	227,163	-	227,163
Intersegment	144	7	-	43	196	(196)	-
Total	173,474	26,244	27,380	260	227,360	(196)	227,163
Operating income	6,672	812	1,625	11	9,122	(0)	9,122
Total assets	193,066	27,347	24,706	1,408	246,528	21,326	267,854
Depreciation and amortization	13,193	688	374	12	14,269	-	14,269
Capital expenditure	14,778	627	166	20	15,592	-	15,592

(2) Information by Region

For the Fiscal Year Ended March 31, 2014

a. Net sales

(Millions of yen)

Japan	U.S.A.	China	Other	Total
119,278	30,273	24,083	26,062	199,697

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
45,694	7,265	42,019	16,273	111,253

For the Fiscal Year Ended March 31, 2015

a. Net sales

(Millions of yen)

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

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

b. Property, plant and equipment

(Millions of yen)

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