

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2017**

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

1. Consolidated Balance Sheets

(Millions of yen)

	March 31, 2016	September 30, 2016
Assets		
Current assets		
Cash and deposits	20,073	19,426
Notes and accounts receivable - trade	55,056	46,893
Securities	2,093	690
Merchandise and finished goods	16,440	16,922
Work in process	13,989	15,263
Raw materials and supplies	13,141	11,642
Other	5,882	5,298
Allowance for doubtful accounts	(60)	(53)
Total current assets	126,616	116,082
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,504	29,697
Machinery, equipment and vehicles, net	53,154	44,169
Land	23,276	23,274
Construction in progress	4,305	5,514
Other, net	4,037	3,464
Total property, plant and equipment	117,278	106,120
Intangible assets		
Other	2,994	2,787
Total intangible assets	2,994	2,787
Investments and other assets		
Investment securities	12,386	12,648
Other	5,972	5,400
Allowance for doubtful accounts	(93)	(94)
Total investments and other assets	18,266	17,955
Total non-current assets	138,539	126,862
Deferred assets		
Bond issuance cost	41	96
Total deferred assets	41	96
Total assets	265,197	243,042

(Millions of yen)

	March 31, 2016	September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,788	36,781
Short-term loans payable	35,467	30,726
Current portion of long-term loans payable	10,612	15,584
Income taxes payable	1,852	887
Provision for bonuses	1,999	2,037
Provision for directors' bonuses	63	—
Other	17,136	12,850
Total current liabilities	105,920	98,868
Non-current liabilities		
Bonds payable	2,600	6,900
Long-term loans payable	33,201	19,380
Net defined benefit liability	8,847	8,868
Other	4,520	4,535
Total non-current liabilities	49,169	39,685
Total liabilities	155,089	138,554
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	23,765	23,765
Retained earnings	55,540	59,064
Treasury shares	(2,335)	(2,336)
Total shareholders' equity	95,442	98,966
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,646	4,877
Deferred gains or losses on hedges	(10)	(5)
Revaluation reserve for land	737	737
Foreign currency translation adjustment	4,709	(4,992)
Remeasurements of defined benefit plans	(1,885)	(1,794)
Total accumulated other comprehensive income	8,198	(1,177)
Non-controlling interests	6,466	6,699
Total net assets	110,107	104,488
Total liabilities and net assets	265,197	243,042

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(1) Consolidated Statements of Income**

(Millions of yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Net sales	126,117	121,491
Cost of sales	107,691	102,282
Gross profit	18,425	19,209
Selling, general and administrative expenses	12,665	13,060
Operating income	5,760	6,149
Non-operating income		
Interest income	21	29
Dividend income	181	209
Rent income	244	231
Gain on sales of scraps	403	392
Other	302	274
Total non-operating income	1,154	1,137
Non-operating expenses		
Interest expenses	954	752
Sales discounts	110	95
Foreign exchange losses	16	521
Depreciation	69	60
Other	68	81
Total non-operating expenses	1,220	1,511
Ordinary income	5,694	5,775
Extraordinary income		
Gain on disposal of non-current assets	47	312
Total extraordinary income	47	312
Extraordinary losses		
Loss on disposal of non-current assets	68	40
Loss on valuation of investment securities	—	57
Total extraordinary losses	68	97
Profit before income taxes	5,673	5,989
Income taxes	1,781	1,391
Profit	3,892	4,598
Profit attributable to non-controlling interests	391	278
Profit attributable to owners of parent	3,501	4,319

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Profit	3,892	4,598
Other comprehensive income		
Valuation difference on available-for-sale securities	(554)	201
Deferred gains or losses on hedges	3	5
Foreign currency translation adjustment	1,005	(9,701)
Remeasurements of defined benefit plans, net of tax	53	90
Total other comprehensive income	508	(9,404)
Comprehensive income	4,400	(4,806)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,000	(5,055)
Comprehensive income attributable to non-controlling interests	399	249

3. Consolidated Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	5,673	5,989
Depreciation	7,614	7,584
Increase (decrease) in allowance for doubtful accounts	(0)	(6)
Increase (decrease) in provision for bonuses	86	38
Increase (decrease) in net defined benefit liability	192	130
Interest and dividend income	(202)	(239)
Interest expenses	954	752
Loss (gain) on valuation of investment securities	—	57
Loss (gain) on disposal of non-current assets	22	(271)
Decrease (increase) in notes and accounts receivable - trade	(3,185)	5,028
Decrease (increase) in inventories	(96)	(2,514)
Decrease (increase) in other current assets	207	390
Increase (decrease) in notes and accounts payable - trade	730	(734)
Increase (decrease) in other current liabilities	(285)	(1,007)
Other, net	(579)	(416)
Subtotal	11,130	14,782
Interest and dividend income received	202	239
Interest expenses paid	(997)	(762)
Income taxes (paid) refund	(1,856)	(2,036)
Net cash provided by (used in) operating activities	8,479	12,223
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,272)	(9,093)
Proceeds from sales of property, plant and equipment	21	524
Purchase of securities	(690)	(690)
Proceeds from sales of securities	690	690
Purchase of investment securities	(21)	(32)
Payments into time deposits	(1,349)	(1,320)
Proceeds from withdrawal of time deposits	1,495	1,349
Other, net	(299)	(213)
Net cash provided by (used in) investing activities	(7,424)	(8,785)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	811	(2,163)
Proceeds from long-term loans payable	2,261	202
Repayments of long-term loans payable	(4,077)	(6,249)
Proceeds from issuance of bonds	—	4,237
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(648)	(806)
Other, net	(21)	(22)
Net cash provided by (used in) financing activities	(1,674)	(4,803)
Effect of exchange rate change on cash and cash equivalents	26	(636)
Net increase (decrease) in cash and cash equivalents	(593)	(2,002)
Cash and cash equivalents at beginning of period	16,609	19,850
Cash and cash equivalents at end of period	16,015	17,847

4. Segment Information

Industry Segment Information

For the Six Months Ended September 30, 2015

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	98,161	14,101	13,716	137	–	126,117
Intersegment	69	3	–	37	(110)	–
Total	98,231	14,104	13,716	174	(110)	126,117
Operating income	4,632	417	680	29	0	5,760

For the Six Months Ended September 30, 2016

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	94,784	13,358	13,200	148	–	121,491
Intersegment	51	6	–	37	(95)	–
Total	94,836	13,365	13,200	185	(95)	121,491
Operating income	5,181	641	291	34	(0)	6,149