

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the Fiscal Year Ended March 31, 2018**

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, 2017	March 31, 2018
Assets		
Current assets		
Cash and deposits	17,402	23,172
Notes and accounts receivable - trade	57,530	63,246
Securities	1,075	690
Merchandise and finished goods	17,110	16,713
Work in process	14,340	13,218
Raw materials and supplies	13,973	13,886
Deferred tax assets	1,316	1,154
Other	3,977	3,558
Allowance for doubtful accounts	(61)	(53)
Total current assets	126,665	135,587
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,731	30,933
Machinery, equipment and vehicles, net	46,597	47,665
Land	21,922	16,915
Construction in progress	8,622	8,625
Other, net	3,559	3,684
Total property, plant and equipment	111,432	107,823
Intangible assets		
Other	3,009	3,052
Total intangible assets	3,009	3,052
Investments and other assets		
Investment securities	15,063	20,262
Net defined benefit asset	995	2,721
Deferred tax assets	5,181	3,660
Other	503	393
Allowance for doubtful accounts	(67)	(65)
Total investments and other assets	21,676	26,971
Total non-current assets	136,118	137,847
Deferred assets		
Bond issuance cost	86	72
Total deferred assets	86	72
Total assets	262,869	273,507

(Millions of yen)

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,519	45,891
Short-term loans payable	34,293	30,956
Current portion of long-term loans payable	15,949	7,386
Income taxes payable	862	1,077
Provision for bonuses	2,012	1,926
Provision for directors' bonuses	60	57
Other	17,821	16,530
Total current liabilities	109,518	103,826
Non-current liabilities		
Bonds payable	6,900	8,400
Long-term loans payable	17,018	23,588
Deferred tax liabilities	1,784	2,671
Deferred tax liabilities for land revaluation	507	507
Net defined benefit liability	8,810	8,023
Other	2,901	2,693
Total non-current liabilities	37,922	45,884
Total liabilities	147,440	149,710
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	23,776	21,786
Retained earnings	62,283	68,509
Treasury shares	(2,336)	(345)
Total shareholders' equity	102,196	108,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,551	6,988
Revaluation reserve for land	737	737
Foreign currency translation adjustment	518	1,370
Remeasurements of defined benefit plans	(1,793)	(1,468)
Total accumulated other comprehensive income	6,014	7,628
Non-controlling interests	7,218	7,746
Total net assets	115,428	123,796
Total liabilities and net assets	262,869	273,507

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

(1) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Net sales	241,251	247,192
Cost of sales	202,845	208,834
Gross profit	38,406	38,358
Selling, general and administrative expenses	25,782	25,145
Operating profit	12,624	13,212
Non-operating income		
Interest income	51	81
Dividend income	349	374
Rent income	452	420
Dividend income of insurance	136	107
Other	569	688
Total non-operating income	1,559	1,671
Non-operating expenses		
Interest expenses	1,348	1,158
Sales discounts	174	132
Loss on abandonment of inventories	114	109
Foreign exchange losses	304	114
Depreciation	118	72
Share of loss of entities accounted for using equity method	—	77
Other	108	189
Total non-operating expenses	2,170	1,853
Ordinary profit	12,013	13,030
Extraordinary income		
Gain on disposal of non-current assets	533	276
Gain on sales of investment securities	201	39
Total extraordinary income	734	316
Extraordinary losses		
Loss on disposal of non-current assets	254	262
Impairment loss	1,297	—
Loss on valuation of investment securities	45	20
Loss on sales of investment securities	—	1
Loss on transfer of business	—	306
Total extraordinary losses	1,597	590
Profit before income taxes	11,150	12,757
Income taxes - current	2,026	2,490
Income taxes - deferred	13	1,810
Total income taxes	2,040	4,300
Profit	9,109	8,456
Profit attributable to non-controlling interests	761	611
Profit attributable to owners of parent	8,348	7,844

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Profit	9,109	8,456
Other comprehensive income		
Valuation difference on available-for-sale securities	1,922	372
Deferred gains or losses on hedges	10	—
Foreign currency translation adjustment	(4,190)	852
Remeasurements of defined benefit plans, net of tax	91	327
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	(2,165)	1,550
Comprehensive income	6,944	10,007
Comprehensive income attributable to :		
Owners of parent	6,163	9,458
Non-controlling interests	780	548

3. Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	11,150	12,757
Depreciation	15,020	16,010
Impairment loss	1,297	—
Increase (decrease) in allowance for doubtful accounts	(24)	(4)
Increase (decrease) in provision for bonuses	13	(40)
Increase (decrease) in net defined benefit liability	329	237
Interest and dividend income	(401)	(455)
Interest expenses	1,348	1,158
Share of loss (profit) of entities accounted for using equity method	—	77
Loss (gain) on disposal of non-current assets	(278)	(14)
Loss (gain) on sales of investment securities	(201)	(38)
Loss (gain) on valuation of investment securities	45	20
Loss (gain) on transfer of business	—	306
Decrease (increase) in notes and accounts receivable - trade	(3,920)	(8,234)
Decrease (increase) in inventories	(2,772)	(1,713)
Decrease (increase) in other current assets	462	133
Increase (decrease) in notes and accounts payable - trade	357	7,539
Increase (decrease) in other current liabilities	1,245	188
Other, net	(785)	(1,599)
Subtotal	22,886	26,328
Interest and dividend income received	401	455
Interest expenses paid	(1,378)	(1,164)
Income taxes (paid) refund	(3,356)	(2,060)
Net cash provided by (used in) operating activities	18,552	23,558
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,003)	(18,356)
Proceeds from sales of property, plant and equipment	1,186	943
Purchase of securities	(1,990)	(1,340)
Proceeds from sales of securities	1,990	1,340
Purchase of investment securities	(64)	(67)
Proceeds from sales of investment securities	284	60
Proceeds from transfer of business	—	6,727
Payments into time deposits	(4,001)	(2,656)
Proceeds from withdrawal of time deposits	3,999	2,774
Other, net	(544)	(854)
Net cash provided by (used in) investing activities	(15,142)	(11,427)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	135	(4,219)
Proceeds from long-term loans payable	609	13,768
Repayments of long-term loans payable	(9,996)	(15,884)
Proceeds from issuance of bonds	4,237	1,490
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(1,618)	(1,618)
Other, net	(28)	(32)
Net cash provided by (used in) financing activities	(6,660)	(6,496)
Effect of exchange rate change on cash and cash equivalents	(428)	127
Net increase (decrease) in cash and cash equivalents	(3,679)	5,760
Cash and cash equivalents at beginning of period	19,850	16,170
Cash and cash equivalents at end of period	16,170	21,931

4. Segment Information

(1) Industry Segment Information

For the Fiscal Year Ended March 31, 2017

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	186,377	26,174	28,459	239	–	241,251
Intersegment	98	11	–	46	(157)	–
Total	186,476	26,186	28,459	286	(157)	241,251
Operating income	9,761	1,481	1,360	20	0	12,624
Total Assets	186,479	25,963	25,150	1,475	23,800	262,869
Depreciation	13,976	666	356	20	–	15,020
Capital Expenditure	16,163	554	112	25	–	16,856

For the Fiscal Year Ended March 31, 2018

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	196,377	23,113	27,473	227	–	247,192
Intersegment	116	5	–	47	(170)	–
Total	196,494	23,119	27,473	275	(170)	247,192
Operating income	10,561	1,466	1,177	7	(0)	13,212
Total Assets	206,281	10,403	24,538	1,358	30,925	273,507
Depreciation	15,020	626	344	18	–	16,010
Capital Expenditure	18,282	438	101	19	–	18,841

(2) Information by Region

For the Fiscal Year Ended March 31, 2017

a. Net sales

(Millions of yen)

Japan	U.S.A.	China	Other	Total
125,131	35,562	38,191	42,366	241,251

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.	Mexico	China	Other	Total
45,481	9,944	10,384	34,789	10,832	111,432

For the Fiscal Year Ended March 31, 2018

a. Net sales

(Millions of yen)

Japan	U.S.A.	China	Other	Total
127,131	35,847	43,713	40,500	247,192

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.	Mexico	China	Other	Total
41,289	11,593	12,181	30,868	11,891	107,823