

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Three Months of the Transitional Fiscal Period Ending December 31, 2018**

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

Note: Due to a change in the Company's fiscal year-end, the current fiscal period will comprise only nine months ending December 31, 2018 (hereinafter the "transitional fiscal period"). Moreover, the Company's consolidated operating results for the first three months of the transitional fiscal period ending December 31, 2018 as presented below include the contributions of domestic consolidated subsidiaries for the three months of April through June 2018 as well as those of overseas consolidated subsidiaries for the six months of January through June 2018.

1. Consolidated Balance Sheets

(Millions of yen)

	March 31, 2018	June 30, 2018
Assets		
Current assets		
Cash and deposits	23,172	23,956
Notes and accounts receivable - trade	63,246	60,313
Securities	690	690
Merchandise and finished goods	16,713	18,717
Work in process	13,218	14,113
Raw materials and supplies	13,886	15,127
Other	3,558	3,136
Allowance for doubtful accounts	(53)	(47)
Total current assets	134,432	136,008
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,933	31,494
Machinery, equipment and vehicles, net	47,665	47,833
Land	16,915	18,286
Construction in progress	8,625	6,717
Other, net	3,684	4,278
Total property, plant and equipment	107,823	108,609
Intangible assets		
Other	3,052	3,409
Total intangible assets	3,052	3,409
Investments and other assets		
Investment securities	20,262	19,914
Other	7,165	6,946
Allowance for doubtful accounts	(65)	(66)
Total investments and other assets	27,362	26,794
Total non-current assets	138,238	138,813
Deferred assets		
Bond issuance cost	72	66
Total deferred assets	72	66
Total assets	272,743	274,888

(Millions of yen)

	March 31, 2018	June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,891	47,000
Short-term loans payable	30,956	31,578
Current portion of long-term loans payable	7,386	7,238
Income taxes payable	1,077	534
Provision for bonuses	1,926	718
Provision for directors' bonuses	57	1
Other	16,530	19,521
Total current liabilities	103,826	106,593
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term loans payable	23,588	19,543
Net defined benefit liability	8,023	8,249
Other	5,108	5,472
Total non-current liabilities	45,120	41,666
Total liabilities	148,946	148,259
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	21,786	21,786
Retained earnings	68,509	72,912
Treasury shares	(345)	(346)
Total shareholders' equity	108,421	112,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,988	6,558
Revaluation reserve for land	737	737
Foreign currency translation adjustment	1,370	(728)
Remeasurements of defined benefit plans	(1,468)	(1,398)
Total accumulated other comprehensive income	7,628	5,168
Non-controlling interests	7,746	8,635
Total net assets	123,796	126,629
Total liabilities and net assets	272,743	274,888

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

(1) Consolidated Statements of Income

(Millions of yen)

	First three months of the fiscal year ended Mar. 31, 2018	First three months of the nine-month transitional fiscal period ending Dec. 31, 2018
Net sales	60,932	89,281
Cost of sales	50,765	76,333
Gross profit	10,167	12,947
Selling, general and administrative expenses	6,436	6,410
Operating profit	3,730	6,536
Non-operating income		
Interest income	15	38
Dividend income	179	177
Rent income	100	117
Foreign exchange gains	—	67
Share of profit of entities accounted for using equity method	—	36
Other	105	363
Total non-operating income	401	801
Non-operating expenses		
Interest expenses	285	553
Sales discounts	43	2
Foreign exchange losses	4	—
Depreciation	22	13
Other	41	106
Total non-operating expenses	397	675
Ordinary profit	3,735	6,663
Extraordinary income		
Gain on disposal of non-current assets	2	5
Gain on sales of investment securities	39	—
Gain on bargain purchase	—	736
Total extraordinary income	41	742
Extraordinary losses		
Loss on disposal of non-current assets	50	40
Loss on sales of investment securities	1	—
Total extraordinary losses	51	40
Profit before income taxes	3,725	7,365
Income taxes	1,125	1,688
Profit	2,599	5,676
Profit attributable to non-controlling interests	98	140
Profit attributable to owners of parent	2,501	5,536

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	First three months of the fiscal year ended Mar. 31, 2018	First three months of the nine-month transitional fiscal period ending Dec. 31, 2018
Profit	2,599	5,676
Other comprehensive income		
Valuation difference on available-for-sale securities	383	(462)
Foreign currency translation adjustment	(1,774)	(2,099)
Remeasurements of defined benefit plans, net of tax	1	70
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	(1,389)	(2,492)
Comprehensive income	1,210	3,184
Comprehensive income attributable to:		
Owners of parent	1,143	3,076
Non-controlling interests	67	107

3. Consolidated Statements of Cash Flows

(Millions of yen)

	First three months of the fiscal year ended Mar. 31, 2018	First three months of the nine-month transitional fiscal period ending Dec. 31, 2018
Cash flows from operating activities		
Profit before income taxes	3,725	7,365
Depreciation	3,722	5,461
Increase (decrease) in allowance for doubtful accounts	(7)	(4)
Increase (decrease) in provision for bonuses	(1,330)	(1,299)
Increase (decrease) in net defined benefit liability	41	(33)
Interest and dividend income	(195)	(216)
Interest expenses	285	553
Share of loss (profit) of entities accounted for using equity method	—	(36)
Loss (gain) on sales of investment securities	(38)	—
Loss (gain) on disposal of non-current assets	48	35
Gain on bargain purchase	—	(736)
Decrease (increase) in notes and accounts receivable - trade	(1,134)	2,872
Decrease (increase) in inventories	(1,056)	(4,364)
Decrease (increase) in other current assets	261	376
Increase (decrease) in notes and accounts payable - trade	1,296	903
Increase (decrease) in other current liabilities	2,256	2,849
Other, net	(609)	(356)
Subtotal	7,263	13,368
Interest and dividend income received	195	205
Interest expenses paid	(252)	(575)
Income taxes paid	(748)	(1,256)
Net cash provided by (used in) operating activities	6,457	11,741
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,476)	(5,661)
Proceeds from sales of property, plant and equipment	451	14
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	59	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,058)
Payments into time deposits	(64)	(34)
Proceeds from withdrawal of time deposits	254	34
Other, net	(282)	(498)
Net cash provided by (used in) investing activities	(4,063)	(7,207)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,818	1,350
Proceeds from long-term loans payable	7,492	—
Repayments of long-term loans payable	(10,501)	(3,791)
Proceeds from issuance of bonds	1,490	—
Purchase of treasury shares	—	(0)
Cash dividends paid	(772)	(1,090)
Other, net	(20)	(22)
Net cash provided by (used in) financing activities	(492)	(3,554)
Effect of exchange rate change on cash and cash equivalents	(95)	(194)
Net increase (decrease) in cash and cash equivalents	1,805	784
Cash and cash equivalents at beginning of period	16,170	21,931
Cash and cash equivalents at end of period	17,976	22,716

4. Segment Information

Industry Segment Information

For the first three months of 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	48,056	7,018	5,773	83	–	60,932
Intersegment	22	2	–	35	(60)	–
Total	48,078	7,020	5,773	119	(60)	60,932
Operating income	3,095	549	50	35	0	3,730

For the first three months of the nine-month transitional fiscal period ending December 31, 2018

(Millions of yen)

	Die Castings	Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	80,675	2,503	6,027	74	–	89,281
Intersegment	40	–	–	35	(76)	–
Total	80,715	2,503	6,027	110	(76)	89,281
Operating income	6,242	85	183	25	(0)	6,536