

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Six 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 six months of the transitional fiscal period ending December 31, 2018 as presented below include the contributions of domestic consolidated subsidiaries for the six months of April through September 2018 as well as those of overseas consolidated subsidiaries for the nine months of January through September 2018.

1. Consolidated Balance Sheets

(Millions of yen)

	March 31, 2018	September 30, 2018
Assets		
Current assets		
Cash and deposits	23,172	23,371
Notes and accounts receivable - trade	63,246	61,447
Securities	690	690
Merchandise and finished goods	16,713	18,377
Work in process	13,218	14,645
Raw materials and supplies	13,886	15,858
Other	3,558	2,857
Allowance for doubtful accounts	(53)	(48)
Total current assets	134,432	137,199
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,933	31,502
Machinery, equipment and vehicles, net	47,665	49,831
Land	16,915	18,319
Construction in progress	8,625	7,757
Other, net	3,684	4,661
Total property, plant and equipment	107,823	112,072
Intangible assets		
Other	3,052	3,498
Total intangible assets	3,052	3,498
Investments and other assets		
Investment securities	20,262	20,872
Other	7,165	7,198
Allowance for doubtful accounts	(65)	(66)
Total investments and other assets	27,362	28,004
Total non-current assets	138,238	143,576
Deferred assets		
Bond issuance cost	72	60
Total deferred assets	72	60
Total assets	272,743	280,836

(Millions of yen)

	March 31, 2018	September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,891	46,954
Short-term loans payable	30,956	30,297
Current portion of long-term loans payable	7,386	9,282
Income taxes payable	1,077	1,383
Provision for bonuses	1,926	2,004
Provision for directors' bonuses	57	—
Other	16,530	19,534
Total current liabilities	103,826	109,455
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term loans payable	23,588	18,175
Net defined benefit liability	8,023	8,327
Other	5,108	5,556
Total non-current liabilities	45,120	40,459
Total liabilities	148,946	149,915
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	21,786	21,820
Retained earnings	68,509	75,694
Treasury shares	(345)	(346)
Total shareholders' equity	108,421	115,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,988	7,175
Revaluation reserve for land	737	737
Foreign currency translation adjustment	1,370	(67)
Remeasurements of defined benefit plans	(1,468)	(1,328)
Total accumulated other comprehensive income	7,628	6,517
Non-controlling interests	7,746	8,761
Total net assets	123,796	130,921
Total liabilities and net assets	272,743	280,836

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

(1) Consolidated Statements of Income

(Millions of yen)

	First six months of the fiscal year ended Mar. 31, 2018	First six months of the nine-month transitional fiscal period ending Dec. 31, 2018
Net sales	119,542	151,053
Cost of sales	100,270	128,741
Gross profit	19,272	22,312
Selling, general and administrative expenses	12,776	11,968
Operating profit	6,495	10,344
Non-operating income		
Interest income	39	59
Dividend income	211	211
Rent income	205	238
Foreign exchange gains	91	69
Share of profit of entities accounted for using equity method	—	52
Other	362	706
Total non-operating income	909	1,336
Non-operating expenses		
Interest expenses	577	859
Sales discounts	89	4
Depreciation	39	26
Other	135	124
Total non-operating expenses	841	1,014
Ordinary profit	6,563	10,666
Extraordinary income		
Gain on disposal of non-current assets	2	14
Gain on sales of investment securities	39	0
Gain on bargain purchase	—	736
Total extraordinary income	42	751
Extraordinary losses		
Loss on disposal of non-current assets	84	57
Loss on sales of investment securities	1	—
Loss on valuation of investment securities	20	—
Total extraordinary losses	106	57
Profit before income taxes	6,499	11,360
Income taxes	1,698	2,770
Profit	4,801	8,589
Profit attributable to non-controlling interests	297	271
Profit attributable to owners of parent	4,503	8,318

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	First six months of the fiscal year ended Mar. 31, 2018	First six months of the nine-month transitional fiscal period ending Dec. 31, 2018
Profit	4,801	8,589
Other comprehensive income		
Valuation difference on available-for-sale securities	1,007	184
Foreign currency translation adjustment	(1,264)	(1,438)
Remeasurements of defined benefit plans, net of tax	2	141
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	(255)	(1,112)
Comprehensive income	4,545	7,477
Comprehensive income attributable to:		
owners of parent	4,252	7,207
non-controlling interests	293	269

3. Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of the fiscal year ended Mar. 31, 2018	First six months of the nine-month transitional fiscal period ending Dec. 31, 2018
Cash flows from operating activities		
Profit before income taxes	6,499	11,360
Depreciation	7,616	8,891
Increase (decrease) in allowance for doubtful accounts	0	(3)
Increase (decrease) in provision for bonuses	33	(13)
Increase (decrease) in net defined benefit liability	151	69
Interest and dividend income	(250)	(271)
Interest expenses	577	859
Share of loss (profit) of entities accounted for using equity method	—	(52)
Loss (gain) on sales of investment securities	(38)	(0)
Loss (gain) on valuation of investment securities	20	—
Loss (gain) on disposal of non-current assets	82	43
Gain on bargain purchase	—	(736)
Decrease (increase) in notes and accounts receivable - trade	(451)	2,014
Decrease (increase) in inventories	(2,208)	(5,068)
Decrease (increase) in other current assets	216	518
Increase (decrease) in notes and accounts payable - trade	2,637	1,054
Increase (decrease) in other current liabilities	(1,115)	447
Other, net	(914)	(402)
Subtotal	12,856	18,709
Interest and dividend income received	250	271
Interest expenses paid	(589)	(879)
Income taxes (paid) refund	(750)	(1,595)
Net cash provided by (used in) operating activities	11,767	16,505
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,366)	(9,661)
Proceeds from sales of property, plant and equipment	454	15
Purchase of securities	(690)	(30)
Proceeds from sales of securities	690	30
Purchase of investment securities	(32)	(23)
Proceeds from sales of investment securities	60	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,058)
Payments into time deposits	(1,319)	(34)
Proceeds from withdrawal of time deposits	1,479	34
Other, net	(387)	(715)
Net cash provided by (used in) investing activities	(8,111)	(11,442)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,968	(296)
Proceeds from long-term loans payable	7,486	1,691
Repayments of long-term loans payable	(12,124)	(4,959)
Proceeds from issuance of bonds	1,490	—
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(808)	(1,130)
Other, net	(23)	(27)
Net cash provided by (used in) financing activities	987	(4,723)
Effect of exchange rate change on cash and cash equivalents	(49)	(140)
Net increase (decrease) in cash and cash equivalents	4,593	199
Cash and cash equivalents at beginning of period	16,170	21,931
Cash and cash equivalents at end of period	20,764	22,131

4. Segment Information

Industry Segment Information

For the first six 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	92,577	13,811	13,003	150	–	119,542
Intersegment	52	3	–	40	(96)	–
Total	92,629	13,815	13,003	190	(96)	119,542
Operating income	4,877	1,048	528	40	(0)	6,495

For the first six 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	133,127	5,024	12,762	138	–	151,053
Intersegment	72	–	–	39	(112)	–
Total	133,200	5,024	12,762	177	(112)	151,053
Operating income	9,753	214	347	28	(0)	10,344