

**RYOBI**

**ANNUAL REPORT**

For the year ended March 31, 2012

**2012**



# CONSOLIDATED BALANCE SHEET

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(As of March 31, 2012)

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
<b>Current assets</b>			
Cash and cash equivalents (Note 14).....	¥ 22,513	¥ 21,486	\$ 273,914
Time deposits (Note 14).....	2,076	2,076	25,259
Notes and accounts receivable (Note 14)			
Trade.....	39,404	34,232	479,426
Unconsolidated subsidiaries and affiliates.....	263	91	3,200
Other.....	1,960	2,895	23,847
Allowance for doubtful accounts.....	(43)	(38)	(523)
Inventories (Note 4).....	30,724	27,142	373,817
Deferred tax assets (Note 9).....	1,289	1,195	15,683
Prepaid expenses and other.....	843	532	10,256
Total current assets.....	<u>99,029</u>	<u>89,611</u>	<u>1,204,879</u>
<b>Property, plant and equipment (Notes 5 and 6)</b>			
Land.....	21,697	21,629	263,986
Buildings and structures.....	46,123	45,738	561,175
Machinery and equipment.....	134,004	131,819	1,630,417
Construction in progress.....	11,287	3,330	137,328
Other.....	1,747	2,494	21,256
Total.....	<u>214,858</u>	<u>205,010</u>	<u>2,614,162</u>
Accumulated depreciation.....	<u>(139,188)</u>	<u>(137,086)</u>	<u>(1,693,490)</u>
Net property, plant and equipment.....	<u>75,670</u>	<u>67,924</u>	<u>920,672</u>
<b>Investments and other assets</b>			
Investments in securities (Notes 3 and 14).....	8,043	8,254	97,859
Investments in unconsolidated subsidiaries and affiliates (Note 14).....	104	104	1,265
Intangible fixed assets.....	1,643	992	19,990
Deferred tax assets (Note 9).....	1,453	1,339	17,679
Other.....	1,806	2,430	21,973
Allowance for doubtful accounts.....	(53)	(76)	(645)
Total investments and other assets.....	<u>12,996</u>	<u>13,043</u>	<u>158,121</u>
Total.....	<u>¥ 187,695</u>	<u>¥ 170,578</u>	<u>\$ 2,283,672</u>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
<b>Current liabilities</b>			
Short-term borrowings (Notes 6 and 14) .....	¥ 28,542	¥ 25,405	\$ 347,269
Current portion of long-term debt (Notes 6 and 14) .....	7,013	10,364	85,327
Notes and accounts payable (Note 14)			
Trade .....	32,173	28,165	391,447
Unconsolidated subsidiaries and affiliates .....	262	199	3,187
Other .....	6,848	4,668	83,319
Accrued expenses .....	3,816	3,086	46,429
Income taxes payable .....	910	2,165	11,072
Other current liabilities .....	2,430	2,429	29,566
Total current liabilities .....	<u>81,994</u>	<u>76,481</u>	<u>997,616</u>
<b>Long-term liabilities</b>			
Long-term debt (Notes 6 and 14) .....	22,323	13,205	271,602
Accrued severance indemnities (Note 7) .....	6,105	6,634	74,279
Other long-term liabilities .....	2,922	3,041	35,552
Total long-term liabilities .....	<u>31,350</u>	<u>22,880</u>	<u>381,433</u>
<b>Commitments and contingent liabilities (Notes 12,13 and 15)</b>			
<b>Equity (Note 8)</b>			
Common stock			
Authorized: 500,000,000 shares			
Issued: 171,230,715 shares .....	18,472	18,472	224,748
Capital surplus .....	23,750	23,750	288,965
Retained earnings .....	42,811	39,601	520,878
Treasury stock (9,484,108 shares in 2012; 9,483,568 shares in 2011) .....	(2,361)	(2,360)	(28,726)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities .....	1,970	1,871	23,969
Deferred loss on derivatives under hedge accounting .....	(36)	(32)	(438)
Land revaluation reserve (Note 5) .....	655	626	7,969
Foreign currency translation adjustments .....	(11,986)	(11,700)	(145,833)
Total .....	<u>73,275</u>	<u>70,228</u>	<u>891,532</u>
Minority interests .....	1,076	989	13,091
Total equity .....	<u>74,351</u>	<u>71,217</u>	<u>904,623</u>
Total .....	¥ 187,695	¥ 170,578	\$ 2,283,672

# CONSOLIDATED STATEMENT OF INCOME

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2012)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
<b>Net sales</b> .....	<b>¥ 165,638</b>	<b>¥ 161,731</b>	<b>\$ 2,015,306</b>
<b>Cost of sales</b> .....	<b>135,938</b>	<b>132,729</b>	<b>1,653,948</b>
Gross profit .....	<b>29,700</b>	<b>29,002</b>	<b>361,358</b>
<b>Selling, general and administrative expenses (Note 10)</b> .....	<b>21,985</b>	<b>20,717</b>	<b>267,490</b>
<b>Operating income</b> .....	<b>7,715</b>	<b>8,285</b>	<b>93,868</b>
<b>Other income</b>			
Interest and dividends .....	<b>168</b>	<b>154</b>	<b>2,044</b>
Rent income .....	<b>405</b>	<b>451</b>	<b>4,928</b>
Other .....	<b>537</b>	<b>787</b>	<b>6,533</b>
Total other income .....	<b>1,110</b>	<b>1,392</b>	<b>13,505</b>
<b>Other expenses</b>			
Interest .....	<b>1,021</b>	<b>1,095</b>	<b>12,422</b>
Loss on disposal of property, plant and equipment .....	<b>112</b>	<b>280</b>	<b>1,363</b>
Loss on devaluation of investments in securities .....	<b>173</b>	<b>40</b>	<b>2,105</b>
Depreciation .....	<b>118</b>	<b>197</b>	<b>1,436</b>
Early retirement benefits .....	<b>199</b>	<b>—</b>	<b>2,421</b>
Other .....	<b>701</b>	<b>760</b>	<b>8,529</b>
Total other expenses .....	<b>2,324</b>	<b>2,372</b>	<b>28,276</b>
<b>Income before income taxes and minority interests</b> .....	<b>6,501</b>	<b>7,305</b>	<b>79,097</b>
<b>Income taxes (Note 9)</b>			
Current .....	<b>2,289</b>	<b>2,367</b>	<b>27,850</b>
Deferred .....	<b>(36)</b>	<b>221</b>	<b>(438)</b>
Total income taxes .....	<b>2,253</b>	<b>2,588</b>	<b>27,412</b>
<b>Net income before minority interests</b> .....	<b>4,248</b>	<b>4,717</b>	<b>51,685</b>
<b>Minority interests in net income</b> .....	<b>68</b>	<b>123</b>	<b>827</b>
<b>Net income</b> .....	<b>¥ 4,180</b>	<b>¥ 4,594</b>	<b>\$ 50,858</b>
<b>Per share of common stock (Note 2(p))</b>			
Net income .....	<b>¥ 25.84</b>	<b>¥ 28.40</b>	<b>\$ 0.314</b>
Cash dividends applicable to the year .....	<b>6.00</b>	<b>6.00</b>	<b>0.073</b>

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2012)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
<b>Net income before minority interests</b> .....	¥ 4,248	¥ 4,717	\$ 51,685
<b>Other comprehensive income :</b>			
Unrealized gain (loss) on available-for-sale securities.....	116	(282)	1,411
Deferred loss on derivatives under hedge accounting.....	(4)	(0)	(49)
Land revaluation reserve.....	44	—	536
Foreign currency translation adjustments.....	(286)	(1,183)	(3,480)
Share of other comprehensive income in associates.....	(1)	(1)	(12)
Total other comprehensive income(Note 11).....	(131)	(1,466)	(1,594)
<b>Comprehensive income</b> .....	¥ 4,117	¥ 3,251	\$ 50,091
<b>Total comprehensive income attributable to :</b>			
Owners of the parent.....	¥ 4,018	¥ 3,125	\$ 48,887
Minority interests.....	99	126	1,204

See notes to consolidated financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2012)

	Thousands		Millions of yen									
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total	Minority interests	Total equity
						Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments			
<b>Balance at 1st April 2010</b> .....	171,231	¥ 18,472	¥ 23,750	¥ 35,007	¥ (2,355)	¥ 2,157	¥ (32)	¥ 626	¥ (10,517)	¥ 67,108	¥ 888	¥ 67,996
Net income .....	—	—	—	4,594	—	—	—	—	—	4,594	—	4,594
Disposal of treasury stock (790 shares).....	—	—	0	—	0	—	—	—	—	0	—	0
Purchase of treasury stock (16,179 shares) ..	—	—	—	—	(5)	—	—	—	—	(5)	—	(5)
Net change in the year .....	—	—	—	—	—	(286)	(0)	—	(1,183)	(1,469)	101	(1,368)
<b>Balance at 31st March 2011</b> .....	171,231	18,472	23,750	39,601	(2,360)	1,871	(32)	626	(11,700)	70,228	989	71,217
Net income .....	—	—	—	4,180	—	—	—	—	—	4,180	—	4,180
Cash dividends, ¥6.00 per share .....	—	—	—	(970)	—	—	—	—	—	(970)	—	(970)
Purchase of treasury stock (540 shares) .....	—	—	—	—	(1)	—	—	—	—	(1)	—	(1)
Net change in the year .....	—	—	—	—	—	99	(4)	29	(286)	(162)	87	(75)
<b>Balance at 31st March 2012</b> .....	171,231	¥ 18,472	¥ 23,750	¥ 42,811	¥ (2,361)	¥ 1,970	¥ (36)	¥ 655	¥ (11,986)	¥ 73,275	¥ 1,076	¥ 74,351

	Thousands of U.S. Dollars (Note 1)											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total	Minority interests	Total equity	
					Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments				
<b>Balance at 31st March 2011</b> .....	\$ 224,748	\$ 288,965	\$ 481,822	\$ (28,714)	\$ 22,764	\$ (389)	\$ 7,616	\$ (142,353)	\$ 854,459	\$ 12,033	\$ 866,492	
Net income .....	—	—	50,858	—	—	—	—	—	50,858	—	50,858	
Cash dividends, ¥6.00 per share .....	—	—	(11,802)	—	—	—	—	—	(11,802)	—	(11,802)	
Purchase of treasury stock (540 shares) .....	—	—	—	(12)	—	—	—	—	(12)	—	(12)	
Net change in the year .....	—	—	—	—	1,205	(49)	353	(3,480)	(1,971)	1,058	(913)	
<b>Balance at 31st March 2012</b> .....	\$ 224,748	\$ 288,965	\$ 520,878	\$ (28,726)	\$ 23,969	\$ (438)	\$ 7,969	\$ (145,833)	\$ 891,532	\$ 13,091	\$ 904,623	

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the year ended March 31, 2012)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
<b>Operating activities</b>			
Income before income taxes and minority interests.....	¥ 6,501	¥ 7,306	\$ 79,097
Adjustments for :			
Income taxes - paid.....	(3,402)	(685)	(41,392)
Depreciation and amortization.....	10,925	11,339	132,924
Loss on sales or disposals of property, plant and equipment.....	80	88	973
Loss on revaluation of investments in securities.....	173	40	2,105
Changes in assets and liabilities			
Increase in notes and accounts receivable.....	(4,588)	(4,150)	(55,822)
Increase in inventories.....	(3,670)	(985)	(44,653)
Increase in notes and accounts payable.....	5,166	3,491	62,855
Increase in accrued expenses.....	732	238	8,906
Other, net.....	(987)	786	(12,008)
Net cash provided by operating activities.....	<u>10,930</u>	<u>17,468</u>	<u>132,985</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment.....	(17,962)	(7,646)	(218,542)
Proceeds from sale of property, plant and equipment.....	69	324	840
Other.....	(441)	(84)	(5,367)
Net cash used in investing activities.....	<u>(18,334)</u>	<u>(7,406)</u>	<u>(223,069)</u>
<b>Financing activities</b>			
Proceeds from long-term debt.....	16,302	7,164	198,345
Repayments of long-term debt.....	(10,442)	(13,656)	(127,047)
Increase (decrease) in short-term borrowings, net.....	3,449	(5,238)	41,964
Acquisition of treasury stock.....	(1)	(6)	(12)
Cash dividends paid.....	(968)	—	(11,778)
Other.....	(11)	—	(134)
Net cash provided by (used in) financing activities.....	<u>8,329</u>	<u>(11,736)</u>	<u>101,338</u>
<b>Foreign currency translation adjustments on cash and cash equivalents.....</b>	<u>102</u>	<u>(160)</u>	<u>1,241</u>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<u>1,027</u>	<u>(1,834)</u>	<u>12,495</u>
<b>Cash and cash equivalents at beginning of year.....</b>	<u>21,486</u>	<u>23,320</u>	<u>261,419</u>
<b>Cash and cash equivalents at end of year.....</b>	<u>¥ 22,513</u>	<u>¥ 21,486</u>	<u>\$ 273,914</u>
<b>Additional cash flow information</b>			
Interest paid.....	¥ 1,009	¥ 1,109	\$ 12,276

See notes to consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

For the year ended March 31, 2012

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Ryobi Limited ("the Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.19 to \$1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. Summary of Significant Accounting Policies

### (a) Consolidation

The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its significant subsidiaries ("the Ryobi Group"). Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Ryobi Group has the ability to exercise significant influence are accounted for by the equity method.

#### (i) Consolidated subsidiaries

The major consolidated subsidiaries are listed below:

Tokyo Light Alloy Co., Ltd. (Japan)

Ryobi Holdings (USA), Inc.

Ryobi Die Casting (USA), Inc.

#### (ii) Affiliates

The major affiliate accounted for by the equity method is Ryobi Land Development Co., Ltd. (Japan).

The number of consolidated subsidiaries and affiliates accounted for by the equity method as of March 31, 2012 was as follows:

	2012
Consolidated subsidiaries.....	17
Affiliates.....	1

The number of unconsolidated subsidiaries not accounted for by the equity method as of March 31, 2012 was as follows:

	2012
Unconsolidated subsidiaries.....	3

The investments in such unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany transactions, account balances and unrealized profits among the companies have been eliminated.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 5 years.

### (b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

The accounting standard for unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements requires: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material; 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and 5) exclusion of minority interests from net income, if included.

### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks and financial institutions which are unrestricted as to withdrawal or use, and which have original maturities of three months or less.

### (d) Inventories

Inventories are valued at the lower of cost or net selling value. Cost is determined by methods based on the classification of inventories as follows:



(i) Finished products and work in process

The Company and domestic subsidiaries mainly use the average method. However, valuation of dice is determined using the specific identification method.

Foreign subsidiaries mainly adopt the first-in first-out method.

(ii) Raw materials, supplies and purchased goods

Die castings.....Average method

Others.....Last purchase invoice price method

Foreign subsidiaries mainly adopt the first-in first-out method.

**(e) Marketable and investment securities**

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in income, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investments in securities is reduced to net realizable value by a charge to income.

**(f) Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is primarily computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is principally applied to the property, plant and equipment of consolidated foreign subsidiaries and machinery and equipment held for lease of the Company and all its consolidated subsidiaries.

The range of useful lives is from 3 to 50 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 20 years for other. The useful lives for leased assets are the terms of the respective leases.

**(g) Long-lived assets**

The Ryobi Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**(h) Leases**

All finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

**(i) Accrued severance indemnities and pension plan**

The Company and domestic consolidated subsidiaries have a contributory or a non-contributory funded pension plan and unfunded pension plans, which cover substantially all of their employees. Certain foreign consolidated subsidiaries have defined benefit pension plans.

Unrecognized prior service cost is amortized at the beginning of this fiscal year by using straight-line method over employees' remaining service period or shorter period (primarily 14 years). Unrecognized net actuarial loss is amortized from the next fiscal year by using the straight-line method over the employees' remaining service period or less (primarily 14 years).

**(j) Bonuses to directors and corporate auditors**

Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

**(k) Income taxes**

The Ryobi Group adopted an accounting method for interperiod allocation of income taxes based on the asset and liability method.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

**(l) Appropriation of retained earnings**

Appropriations of retained earnings at each year end are reflected in the financial statements for the following year upon shareholder's approval.

**(m) Translation of foreign currency accounts**

All current and non-current receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translations are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

**(n) Translation of foreign currency financial statements (accounts of foreign subsidiaries)**

The balance sheet accounts of the consolidated overseas subsidiaries are translated into yen at the current exchange rates as of the balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated overseas subsidiaries are translated into yen at the average exchange rate.

**(o) Derivative and hedging activities**

The Ryobi Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Ryobi Group to reduce foreign currency exchange and interest rate risks. The Ryobi Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative translations are recognized in the

income statement and b) for derivatives, except those which qualify for hedge accounting, which are used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the maturity of the hedged transaction.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

**(p) Per share information**

Basic net income per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not calculated because no dilutive instruments were issued and outstanding for the years ended March 31, 2012 and 2011.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

**(q) Accounting Changes and Error Corrections**

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

**3. Investments in Securities**

Information regarding each category of the securities classified as trading, held-to-maturity and available-for-sale at March 31, 2012 and 2011 was as follows:

	Millions of yen			
	2012			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	¥ 3,670	¥ 3,234	¥ (143)	¥ 6,761

	Millions of yen			
	2011			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	¥ 3,822	¥ 3,536	¥ (387)	¥ 6,971

	Thousands of U.S.dollars			
	2012			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	\$ 44,653	\$ 39,348	\$ (1,740)	\$ 82,261

**4. Inventories**

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2012	2011	2012
	Finished products and purchased goods.....	¥ 13,852	¥ 12,106
Work in process.....	10,058	8,922	122,375
Raw materials and supplies.....	6,814	6,114	82,906
Total.....	¥ 30,724	¥ 27,142	\$ 373,817

**5. Land Revaluation**

Under the "Law of Land Revaluation" a subsidiary elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There is no effect on the consolidated statement of income. Continuous readjustment is not permitted, unless the land value

subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

The details of the one-time revaluation as of March 31, 2002 were as follows:

	Millions of yen		Thousands of U.S.dollars
Land before revaluation.....	¥	275	\$ 3,346
Land after revaluation.....		1,981	24,103
Land revaluation reserve, net of income taxes of ¥ 631 million (\$ 7,678 thousand) and attribution of minority interest of ¥ 420 million (\$ 5,110 thousand).....	¥	655	\$ 7,969

As of March 31, 2012, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥ 935 million (\$ 11,376 thousand).

## 6. Short-term Borrowings and Long-term Debt

The annual weighted-average interest rates applicable to short-term borrowings were 0.8% and 1.4% at March 31, 2012 and 2011, respectively.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2012	2011	2012
Loans principally from banks and insurance companies with interest rates ranging from 1.09% to 6.21%			
Secured.....	¥ 101	¥ 243	\$ 1,229
Unsecured.....	28,864	22,754	351,186
Lease obligations.....	371	572	4,514
Total.....	29,336	23,569	356,929
Less current portion.....	(7,013)	(10,364)	(85,327)
Long-term debt less current portion.....	¥ 22,323	¥ 13,205	\$ 271,602

The aggregate annual maturities of long-term debt at March 31, 2012 were as follows:

Years Ending March 31	Millions of yen		Thousands of U.S.dollars
2013.....		7,013	85,327
2014.....		7,261	88,344
2015.....		8,137	99,002
2016.....		2,367	28,799
2017.....		2,340	28,471
2018 and thereafter.....		2,218	26,986
Total.....	¥	29,336	\$ 356,929

The assets of the Ryobi Group pledged as collateral for short-term borrowings and long-term debt with banks and other financial institutions at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2012	2011	2012
Net book value of property:			
Buildings and structures.....	¥ 2,354	¥ 3,060	\$ 28,641
Machinery and equipment.....	1,262	1,853	15,355
Land.....	2,493	2,479	30,332
Total.....	¥ 6,109	¥ 7,392	\$ 74,328

## 7. Accrued Severance Indemnities and Pension Plan

The Company and certain of its consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liabilities for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:



	Millions of yen		Thousands of U.S.dollars
	2012	2011	2012
Projected benefit obligation.....	¥ 33,067	¥ 32,500	\$ 402,324
Fair value of plan assets.....	(20,165)	(20,252)	(245,346)
Unrecognized prior service cost.....	1,262	1,496	15,354
Unrecognized actuarial loss.....	(8,059)	(7,110)	(98,053)
Net liabilities.....	¥ 6,105	¥ 6,634	\$ 74,279

The components of net periodic retirement benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2012	2011	2012
Service cost.....	¥ 1,098	¥ 1,107	\$ 13,359
Interest cost.....	736	735	8,955
Expected return on plan assets.....	(682)	(688)	(8,298)
Amortization of prior service cost.....	(234)	(234)	(2,847)
Recognized actuarial loss.....	932	834	11,340
Net periodic retirement benefit costs.....	¥ 1,850	¥ 1,754	\$ 22,509

Assumptions used for the years ended March 31, 2012 and 2011 are set forth as follows:

	2012	2011
Discount rate.....	2.0%	2.0%~2.5%
Expected rate of return on plan assets.....	3.5%	3.5%
Amortization of prior service cost.....	Primarily 14 years	Primarily 14 years
Recognition period of actuarial gain / loss.....	Primarily 14 years	Primarily 14 years

## 8. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

### (b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

### (c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 9. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of 39.5% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Accrued severance cost.....	¥ 2,230	¥ 2,898	\$ 27,132
Tax loss carryforwards.....	10,997	11,862	133,800
Other.....	2,536	2,342	30,855
Valuation allowance.....	(11,130)	(12,584)	(135,418)
Deferred tax assets.....	¥ 4,633	¥ 4,518	\$ 56,369
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities.....	¥ (1,071)	¥ (1,245)	\$ (13,031)
Other.....	(1,110)	(1,026)	(13,505)
Deferred tax liabilities.....	¥ (2,181)	¥ (2,271)	\$ (26,536)
Net deferred tax assets.....	¥ 2,452	¥ 2,247	\$ 29,833

The reconciliation between the normal effective statutory tax rate for the years ended March 31, 2012 and 2011 and the actual effective tax rates reflected in the accompanying consolidated statement of income was as follows:

	2012	2011
Normal effective statutory tax rate.....	39.5 %	39.5%
Expenses not deductible for income tax purposes.....	3.2	1.8
Valuation allowance.....	(12.2)	(2.0)
Tax credit for research and development costs and other.....	(2.3)	(3.6)
Effect of tax rate reduction.....	3.7	—
Other, net.....	2.8	(0.3)
Actual effective tax rate.....	34.7 %	35.4%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 39.5% to 37.0% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 34.6% afterwards. The effect of this change was to decrease deferred tax assets by ¥111 million (\$1,350 thousand) in the consolidated balance sheet as of March 31, 2012 and to increase income taxes—deferred by ¥256 million (\$3,115 thousand) and unrealized gain on available-for-sale securities by ¥ 147 million (\$ 1,789 thousand) in the consolidated financial statements for the year ended March 31, 2012.

## 10. Research and Development Costs

Research and development costs were ¥1,905 million (\$23,178 thousand) and ¥1,907 million for the years ended March 31, 2012 and 2011, respectively.



## 11. Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2012		2012	
Unrealized gain on available-for-sale securities:				
Losses arising during the year.....	¥	(229)	\$	(2,786)
Reclassification adjustments to profit or loss.....		171		2,080
Amount before income tax effect.....		(58)		(706)
Income tax effect.....		174		2,117
Total.....		116		1,411
Deferred loss on derivatives under hedge accounting:				
Losses arising during the year.....		(3)		(37)
Amount before income tax effect.....		(3)		(37)
Income tax effect.....		(1)		(12)
Total.....		(4)		(49)
Land revaluation reserve:				
Income tax effect.....		44		536
Foreign currency translation adjustments:				
Adjustments arising during the year.....		(286)		(3,480)
Share of other comprehensive income in associates—				
Losses arising during the year.....		(1)		(12)
Total other comprehensive income.....	¥	(131)	\$	(1,594)

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

## 12. Leases

Future minimum lease payments of the Ryobi Group as of March 31, 2012 and 2011 under noncancelable operating leases were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2012		2012	
Current.....	¥	66	¥	47
Non-current.....		60		70
Total.....	¥	126	¥	117
			\$	803
				730
			\$	1,533

## 13. Contingent Liabilities

The Ryobi Group had the following contingent liabilities at March 31, 2012 and 2011.

	Millions of yen		Thousands of U.S. dollars	
	2012		2012	
Trade notes discounted.....	¥	57	¥	191
Guarantees and similar items:				
Bank loans.....		54		72
Leases.....		798		1,060
Other.....		—		14
Total.....	¥	909	¥	1,337
			\$	11,060

## 14. Financial Instruments and Related Disclosures

### (a) Group policy for financial instruments

The Ryobi Group uses financial instruments, mainly long-term debt including bank loans, and lease obligation, based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Short term bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 15.

### (b) Nature and extent of risks arising from financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly equity instruments of customers and suppliers

of the Company, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Maturities of bank loans, and lease obligation are less than six years and eight months after the balance sheet date. Although a part of such bank loans, and lease obligation are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans. Please see Note 15 for more details about derivatives.

(c) Risk management for financial instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Ryobi Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers in early stage. With respect to derivatives, the Ryobi Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with its internal guidelines. Please see Note 15 for the detail about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2012.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables.

Marketable and investments in securities are managed by monitoring market values and financial position of issuers on a regular basis.

The execution of derivatives is controlled by the Finance Department of the Company, and by the Finance Division of each of its consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning by the corporate treasury department.

(d) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 15 for the details about fair value of derivatives.

**(1) Fair value of financial instruments**

Fair value of financial instruments at March 31, 2012 and 2011 were follows:

	Millions of yen			
	2012			Unrealized gain/loss
	Carrying amount	Fair value		
Cash and cash equivalents.....	¥ 22,513	¥ 22,513	¥ —	—
Time deposits.....	2,076	2,076	—	—
Notes and accounts receivable.....	41,584	41,584	—	—
Investments in securities.....	8,043	8,043	—	—
Total.....	¥ 74,216	¥ 74,216	¥ —	—
Short-term borrowing.....	¥ 28,542	¥ 28,542	¥ —	—
Notes and accounts payable.....	39,283	39,283	—	—
Long-term debt.....	29,336	29,471	—	135
Total.....	97,161	97,296	—	135
Derivatives transaction.....	¥ (57)	¥ (57)	¥ —	—

	Millions of yen		
	2011		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents.....	¥ 21,486	¥ 21,486	¥ —
Time deposits.....	2,076	2,076	—
Notes and accounts receivable.....	37,180	37,180	—
Investments in securities.....	8,254	8,254	—
Total.....	¥ 68,996	¥ 68,996	¥ —
Short-term borrowing.....	¥ 25,405	¥ 25,405	¥ —
Notes and accounts payable.....	33,031	33,031	—
Long-term debt.....	23,569	23,768	199
Total.....	82,005	82,204	199
Derivatives transaction.....	¥ (54)	¥ (54)	¥ —

	Thousands of U.S. dollars		
	2012		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents.....	\$ 273,914	\$ 273,914	\$ —
Time deposits.....	25,259	25,259	—
Notes and accounts receivable.....	505,950	505,950	—
Investments in securities.....	97,859	97,859	—
Total.....	\$ 902,982	\$ 902,982	\$ —
Short-term borrowing.....	\$ 347,269	\$ 347,269	\$ —
Notes and accounts payable.....	477,953	477,953	—
Long-term debt.....	356,929	358,572	1,643
Total.....	1,182,151	1,183,794	1,643
Derivatives transaction.....	\$ (694)	\$ (694)	\$ —

**Cash and cash equivalents**

The carrying amount of cash and cash equivalents approximate fair value because of their short maturities.

**Time deposits**

The carrying amount of time deposits approximate fair value because of their short maturities.

**Investments in securities**

The fair values of investments in securities are measured at the quoted market price on the stock exchange for the equity instruments. The information on the fair value of investments in securities by classification is included in Note 3.

**Notes and accounts receivable**

The carrying amount of notes and accounts receivable approximate fair value because of their short maturities.

**Short-term borrowings**

The carrying amount of short-term borrowings approximate fair value because of their short maturities.

**Notes and accounts payable**

The carrying amount of notes and accounts payable approximate fair value because of their short maturities.

**Long-term debt**

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

**Derivatives**

The information of the fair value for derivatives is included in Note 15.

**(2) Financial instruments whose fair value cannot be reliably determined**

Financial instruments whose fair value cannot be reliably determined at March 31, 2012 and 2011 were as follows:

	Millions of yen				Thousands of U.S.dollars
	2012		2011		2012
Investments in equity instruments that do not have a quoted market price in an active market.....	¥	1,282	¥	1,284	\$ 15,598
Investments in unconsolidated subsidiaries and affiliates.....	¥	104	¥	104	\$ 1,265

**(3) Maturity analysis for financial assets with contractual maturities**

Maturity analysis for financial assets with contractual maturities at March 31, 2012 and 2011 were follows:

	Millions of yen			
	2012			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	¥ 22,513	¥ —	¥ —	¥ —
Time deposits.....	2,076	—	—	—
Notes and accounts receivable.....	41,580	4	—	—
Total.....	¥ 66,169	¥ 4	¥ —	¥ —

	Millions of yen			
	2011			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	¥ 21,486	¥ —	¥ —	¥ —
Time deposits.....	2,076	—	—	—
Notes and accounts receivable.....	37,218	0	—	—
Total.....	¥ 60,780	¥ 0	¥ —	¥ —

	Thousands of U.S.dollars			
	2012			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	\$ 273,914	\$ —	\$ —	\$ —
Time deposits.....	25,259	—	—	—
Notes and accounts receivable.....	505,901	49	—	—
Total.....	\$ 805,074	\$ 49	\$ —	\$ —

Please see Note 6 for annual maturities of long-term debt.

**15. Derivatives**

The Ryobi Group enters into foreign exchange forward contracts and interest rate swaps to hedge risk and reduce exposure to fluctuations in market values of foreign exchange rates and interest rates associated with certain assets and liabilities.

All derivative transactions are related to qualified hedges of interest and foreign currency exposures incorporated with its business. Market risk of these derivatives is basically offset by opposite movements in the value of hedged assets. The Ryobi Group does not hold or issue derivatives for speculative or trading purposes.

Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates. The Ryobi Group does not anticipate any losses arising from credit risk because the counterparties to these derivatives are limited to major international financial institutions.

The execution of derivatives is controlled by the Finance Department of the Company, and by the Finance Division of consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.



The Ryobi Group had the following derivatives contracts outstanding as of March 31, 2012 and 2011:

Millions of yen				
2012				
	Hedge item	Contract Amount	Contract amount due after one year	Fair value
Interest rate swaps— floating rate payment, fixed rate receipt.....	Short-term borrowing and Long-term debt	¥ 3,800	¥ 2,800	¥ (57)
Interest rate swaps— floating rate payment, fixed rate receipt (see note).....	Long-term debt	¥ 7,750	¥ 6,750	¥ —

Millions of yen				
2011				
	Hedge item	Contract Amount	Contract amount due after one year	Fair value
Interest rate swaps— floating rate payment, fixed rate receipt.....	Short-term borrowing and Long-term debt	¥ 5,200	¥ 2,200	¥ (54)
Interest rate swaps— floating rate payment, fixed rate receipt (see note).....	Long-term debt	¥ 5,800	¥ 1,600	¥ —

Thousands of U.S.dollars				
2012				
	Hedge item	Contract Amount	Contract amount due after one year	Fair value
Interest rate swaps— floating rate payment, fixed rate receipt.....	Short-term borrowing and Long-term debt	\$ 46,234	\$ 34,067	\$ (694)
Interest rate swaps— floating rate payment, fixed rate receipt (see note).....	Long-term debt	\$ 94,294	\$ 82,127	\$ —

Note: The above interest rate swaps which qualify for hedge accounting and which meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of hedge items (i.e. long-term debt).

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

## 16. Segment Information

### (1) Description of reportable segments

The Ryobi Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the segments "Die castings," "Printing equipment" and "Power tools and builders' hardware."

Industry Die castings consists of die cast products for the automobile industry and various other industries. Industry Printing equipment consists of offset printing presses and peripherals. Industry Power tools and builders' hardware consists of electric power tools, lawn and garden equipment and builders' hardware.

### (2) Methods of measurement for the amounts of sales, profit (loss), assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".



**(3) Information about sales, profit (loss), assets and other items was as follows:**

	Millions of yen				
	2012				
	Die castings	Printing equipment	Power tools and builders' hardware	Reconciliations	Consolidated
Net sales:					
Sales to external customers.....	¥ 123,361	¥ 17,533	¥ 24,744	¥ —	¥ 165,638
Intersegment sales or transfers...	121	—	4	(125)	—
Total.....	123,482	17,533	24,748	(125)	165,638
Segment profit (loss).....	¥ 6,080	¥ (711)	¥ 2,346	¥ 0	¥ 7,715
Segment assets.....	¥ 117,757	¥ 23,345	¥ 26,179	¥ 20,414	¥ 187,695
Depreciation and amortization.....	9,700	593	632	—	10,925
Increase in property, plant and equipment and intangible assets....	¥ 19,426	¥ 143	¥ 706	¥ —	¥ 20,275

	Millions of yen				
	2011				
	Die castings	Printing equipment	Power tools and builders' hardware	Reconciliations	Consolidated
Net sales:					
Sales to external customers.....	¥ 118,192	¥ 19,680	¥ 23,859	¥ —	¥ 161,731
Intersegment sales or transfers...	115	—	2	(117)	—
Total.....	118,307	19,680	23,861	(117)	161,731
Segment profit (loss).....	¥ 7,292	¥ (937)	¥ 1,930	¥ 0	¥ 8,285
Segment assets.....	¥ 99,063	¥ 23,099	¥ 23,800	¥ 24,616	¥ 170,578
Depreciation and amortization. ....	9,928	699	712	—	11,339
Increase in property, plant and equipment and intangible assets....	¥ 8,451	¥ 145	¥ 453	¥ —	¥ 9,049

	Thousands of U.S. dollars				
	2012				
	Die castings	Printing equipment	Power tools and builders' hardware	Reconciliations	Consolidated
Net sales:					
Sales to external customers.....	\$ 1,500,925	\$ 213,323	\$ 301,058	\$ —	\$ 2,015,306
Intersegment sales or transfers....	1,472	—	49	(1,521)	—
Total.....	1,502,397	213,323	301,107	(1,521)	2,015,306
Segment profit (loss).....	\$ 73,975	\$ (8,651)	\$ 28,544	\$ 0	\$ 93,868
Segment assets.....	\$ 1,432,741	\$ 284,037	\$ 318,518	\$ 248,376	\$ 2,283,672
Depreciation and amortization.....	118,019	7,215	7,690	—	132,924
Increase in property, plant and equipment and intangible assets....	\$ 236,355	\$ 1,740	\$ 8,590	\$ —	\$ 246,685

**(4) Related Information**

**Information about geographical areas**

**(a) Net sales**

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net sales:			
Japan.....	¥ 114,124	¥ 113,643	\$ 1,388,539
The Americas.....	29,991	29,217	364,898
Other.....	21,523	18,871	261,869
Total.....	¥ 165,638	¥ 161,731	\$ 2,015,306

Note: Sales are classified in countries or regions based on the location of customers.

**(b) Property, plant and equipment**

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Property, plant and equipment:			
Japan.....	¥ 45,521	¥ 47,580	\$ 553,851
The Americas.....	8,817	8,917	107,276
Asia.....	18,532	8,230	225,478
Other.....	2,800	3,197	34,067
Total.....	¥ 75,670	¥ 67,924	\$ 920,672

**17. Subsequent Event**

The following appropriation of retained earnings at March 31, 2012, is scheduled for approval at the Company's shareholders meeting on June 22, 2012:

	Millions of yen	Thousands of U.S. dollars
Cash dividends.....	970	11,802

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ryobi Limited:

We have audited the accompanying consolidated balance sheet of Ryobi Limited and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ryobi Limited and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 11, 2012

# CORPORATE INFORMATION

## CORPORATE DATA

**Company Name**  
RYOBI LIMITED

**Established**  
December 16, 1943

**Major Products**  
Die cast products  
Printing equipment  
(offset printing presses, peripherals, etc.)  
Power tools  
(electric power tools, lawn and garden equipment, etc.)  
Builders' hardware  
(door closers, hinges, architectural hardware, etc.)

### Head Office

762 Mesaki-cho, Fuchu-shi, Hiroshima-ken 726-8628, Japan  
Telephone: 81-847-41-1111

### Tokyo Branch

5-2-8 Toshima, Kita-ku, Tokyo 114-8518, Japan  
Telephone: 81-3-3927-5541

### Toranomon Office

Toranomon Central Building  
1-7-1 Nishishinbashi, Minato-ku, Tokyo 105-0003, Japan  
Telephone: 81-3-3927-5541

## MANAGEMENT MEMBERS

(As of June 22, 2012)

### BOARD OF DIRECTORS

#### Chairman and Representative Director

Hiroshi Urakami

#### President and Representative Director

Akira Urakami

#### Directors

Takashi Yokoyama  
Kenjiro Suzuki  
Hiroyuki Kawaguchi

#### Outside Directors

Satoshi Ohoka  
Tairo Katoh

### CORPORATE OFFICERS

#### Chief Executive Officer

Hiroshi Urakami

#### Chief Operating Officer

Akira Urakami

#### Executive Corporate Officer

Takashi Yokoyama

#### Corporate Officers

Kenjiro Suzuki  
Hiroyuki Kawaguchi  
Kuniyuki Ito  
Hideki Domoto  
Takashi Suzuki  
Yoshimi Takino  
Takashi Kayano

### CORPORATE AUDITORS

**Standing Corporate Auditor** Shozo Kobayashi

**Outside Corporate Auditors** Masaki Saitoh  
Yuji Yamamoto  
Yoichi Arai

## MAJOR CONSOLIDATED SUBSIDIARIES

Ryobi Imagix Co.(Japan)	Printing equipment and related product sales
Ryobi Sales Co.(Japan)	Power tools and lawn and garden equipment sales
Ryobi Mirasaka Co.(Japan)	Die casting manufacturing
Ryobi Mitsugi Co.(Japan)	Die casting manufacturing
Tokyo Light Alloy Co., Ltd.(Japan)	Cast aluminum and die casting manufacturing and sales
Ikuno Co.(Japan)	Secondary aluminum alloy bullion manufacturing and sales
Ryobi Power Tool Co.(Japan)	Power tools and lawn and garden equipment manufacturing
Ryobi Die Casting(USA), Inc.(U.S.A.)	Die casting manufacturing and sales
RDCM, S.de R.L.de C.V.(Mexico)	Die casting manufacturing
Ryobi Aluminium Casting(UK), Limited(U.K.)	Die casting manufacturing and sales
Ryobi Die Casting Dalian Co., Ltd.(P.R.C.)	Die and die casting manufacturing and sales
Ryobi Die Casting Changzhou Co., Ltd.(P.R.C.)	Die and die casting manufacturing and sales
Ryobi Die Casting (Thailand) Co., Ltd.(Thailand)	Die casting manufacturing and sales
Ryobi Dalian Machinery Co., Ltd.(P.R.C.)	Power tools, lawn and garden equipment and builders' hardware manufacturing and sales

## SHAREHOLDER INFORMATION

### Number of Shares Issued

(As of March 31, 2012)

171,230,715 shares

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation  
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

### Stock listing

Tokyo Stock Exchange



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**RYOBI** RYOBI LIMITED

Head Office 762 Mesaki-cho, Fuchu-shi, Hiroshima-ken 726-8628, Japan  
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