

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2015**

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, 2014	September 30, 2014
ASSETS		
Current assets:		
Cash and deposits	18,419	18,027
Notes and accounts receivable	48,096	48,703
Marketable securities	1,493	1,992
Finished products and purchased goods	15,840	16,207
Work in process	12,401	12,957
Raw materials and supplies	11,229	11,575
Other current assets	6,225	5,810
Allowance for doubtful accounts	(79)	(67)
Total current assets	113,626	115,206
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	31,286	29,637
Machinery and equipment (net)	48,645	45,902
Land	23,224	23,199
Construction in progress	4,523	6,406
Other fixed assets (net)	3,572	3,611
Total property, plant and equipment	111,253	108,757
Intangible fixed assets:		
Other intangible fixed assets	2,467	2,385
Total intangible fixed assets	2,467	2,385
Investments and other assets:		
Investment in securities	11,858	13,910
Other	5,853	4,280
Allowance for doubtful accounts	(83)	(102)
Total investments and other assets	17,628	18,087
Total fixed assets	131,349	129,230
Total assets	244,976	244,436

	(Millions of yen)	
	March 31, 2014	September 30, 2014
LIABILITIES		
Current liabilities:		
Notes and accounts payable	35,171	37,688
Short-term borrowings	37,277	33,828
Current portion of long-term debt	12,159	7,868
Income taxes payable	1,753	1,038
Accrued bonuses	1,569	1,618
Accrued bonuses to directors	42	-
Other current liabilities	11,654	12,633
Total current liabilities	99,627	94,676
Long-term liabilities:		
Long-term debt	35,920	41,169
Net defined benefit liability	7,567	8,001
Other long-term liabilities	5,427	5,710
Total long-term liabilities	48,914	54,881
Total liabilities:	148,542	149,557
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,757	23,757
Retained earnings	46,661	45,906
Treasury stock	(2,334)	(2,334)
Total shareholders' equity	86,556	85,801
Accumulated other comprehensive income :		
Unrealized gain on available-for-sale securities	4,160	5,380
Deferred loss on derivatives under hedge accounting	(24)	(21)
Land revaluation reserve	655	654
Foreign currency translation adjustments	763	(1,700)
Remeasurements of defined benefit plans	(544)	(388)
Total accumulated other comprehensive income	5,010	3,924
Minority interests	4,866	5,152
Total net assets	96,433	94,878
Total liabilities and net assets	244,976	244,436

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

(Millions of yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Net sales	93,786	108,304
Cost of sales	79,390	93,156
Gross profit	14,395	15,148
Selling, general and administrative expenses	10,685	11,603
Operating income	3,709	3,544
Non-operating income		
Interest income	28	19
Dividends income	99	142
Rent income	169	247
Exchange gain	278	-
Gain on sale of scrap	110	173
Miscellaneous income	273	264
Total non-operating income	959	847
Non-operating expenses		
Interest expenses	838	917
Cash discounts	108	117
Exchange losses	-	14
Depreciation	21	104
Miscellaneous expenses	146	124
Total non-operating expenses	1,115	1,278
Ordinary income	3,554	3,113
Extraordinary income		
Gain on sale of fixed assets	3	6
Gain on negative goodwill	0	7
Total extraordinary income	3	14
Extraordinary losses		
Loss on disposal of fixed assets	115	48
Impairment loss on fixed assets	279	-
Total extraordinary losses	394	48
Income before income taxes and minority interests	3,163	3,079
Income taxes	(375)	1,335
Income before gain on minority interests	3,538	1,743
Gain on minority interests	59	206
Net income	3,478	1,537

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Income before gain on minority interests	3,538	1,743
Other comprehensive income		
Unrealized gain on available-for-sale securities	1,218	1,323
Deferred loss on derivatives under hedge accounting	17	2
Land revaluation reserve	-	(0)
Foreign currency translation adjustments	5,387	(2,463)
Remeasurements of defined benefit plans	-	156
Share of other comprehensive income of associates accounted for using equity method	7	-
Total other comprehensive income	6,629	(981)
Comprehensive income	10,168	762
Comprehensive income attributable to:		
Owners of the parent	9,967	452
Minority interests	201	310

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Cash flows from operating activities:		
Income before income taxes and minority interests	3,163	3,079
Depreciation and amortization	5,913	6,751
Impairment loss on fixed assets	279	-
Increase in allowance for doubtful accounts	1	7
Increase (decrease) in reserve for bonuses	(9)	49
Decrease in accrued severance indemnities	(306)	-
Increase in net defined benefit liability	-	674
Interest and dividends income	(127)	(162)
Interest expenses	838	917
Loss on sale or disposal of fixed assets	112	42
Increase in notes and accounts receivable	(1,807)	(1,146)
Increase in inventories	(1,044)	(1,820)
Decrease in other current assets	1,005	195
Increase in notes and accounts payable	536	2,707
Other increases in current liabilities	622	1,155
Other	139	(986)
Subtotal	9,316	11,466
Interest and dividends received	127	162
Interest paid	(843)	(840)
Income taxes (paid) refund	262	(1,682)
Net cash provided by operating activities	8,862	9,104
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(12,573)	(6,662)
Proceeds from sale of property, plant and equipment	131	7
Payment for purchases of marketable securities	(690)	(690)
Proceeds from sale of marketable securities	690	690
Payment for purchase of investment in securities	(14)	(26)
Payment for time deposits	(1,319)	(1,680)
Proceeds from repayment of time deposits	1,349	1,349
Other	(267)	(188)
Net cash used in investing activities	(12,693)	(7,201)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(334)	(2,654)
Proceeds from long-term debt	2,533	9,419
Repayment of long-term debt	(4,722)	(8,030)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(483)	(648)
Other	(58)	(26)
Net cash used in financing activities	(3,066)	(1,939)
Foreign currency translation adjustments on cash and cash equivalents	627	(187)
Net decrease in cash and cash equivalents	(6,269)	(223)
Cash and cash equivalents at beginning of year	21,844	17,711
Cash and cash equivalents at end of the period	15,574	17,488

4. Segment Information

Industry Segment Information

For the Six Months Ended September 30, 2013

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Total	Eliminations / Corporate	Consolidated
Net sales:						
Unaffiliated customers	73,207	12,882	7,696	93,786	-	93,786
Intersegment	71	0	-	72	(72)	-
Total	73,279	12,882	7,696	93,858	(72)	93,786
Operating income (loss)	2,970	775	(35)	3,709	-	3,709

For the Six Months Ended September 30, 2014

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:							
Unaffiliated customers	82,511	13,342	12,314	135	108,304	-	108,304
Intersegment	67	4	-	35	107	(107)	-
Total	82,579	13,346	12,314	171	108,411	(107)	108,304
Operating income	2,371	628	513	30	3,544	(0)	3,544