

**Ryobi Limited and Consolidated Subsidiaries****Consolidated Financial Statements for the Fiscal Year Ended March 31, 2012**

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, 2011	March 31, 2012
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	14,548	18,694
Notes and accounts receivable	34,232	39,404
Marketable securities	9,012	5,894
Finished products and purchased goods	12,106	13,852
Work in process	8,921	10,057
Raw materials and supplies	6,114	6,813
Deferred tax assets	1,194	1,289
Other current assets	3,518	3,065
Allowance for doubtful accounts	(37)	(42)
Total current assets	89,610	99,029
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures (net)	18,474	17,951
Machinery and equipment (net)	21,190	21,629
Land	21,628	21,697
Leased assets (net)	528	346
Construction in progress	3,330	11,287
Other fixed assets (net)	2,771	2,757
Total property, plant and equipment	67,923	75,669
Intangible fixed assets:		
Other intangible fixed assets	992	1,642
Total intangible fixed assets	992	1,642
Investments and other assets:		
Investment in securities	8,358	8,147
Deferred tax assets	1,338	1,452
Other	2,429	1,806
Allowance for doubtful accounts	(76)	(53)
Total investments and other assets	12,050	11,353
Total fixed assets	80,966	88,665
Total assets	170,577	187,694

	(Millions of yen)	
	March 31, 2011	March 31, 2012
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	28,357	32,427
Short-term borrowings	25,404	28,541
Current portion of long-term debt	10,118	6,806
Lease obligations	245	206
Income taxes payable	2,165	909
Accrued bonuses	1,613	1,605
Accrued bonuses to directors	20	32
Other current liabilities	8,555	11,463
Total current liabilities	<u>76,480</u>	<u>81,994</u>
<b>Long-term liabilities:</b>		
Long-term debt	12,878	22,158
Lease obligations	326	164
Deferred tax liabilities	171	155
Deferred tax liabilities for revaluation	674	630
Accrued severance indemnities	6,633	6,105
Liabilities from application of equity method	409	411
Other long-term liabilities	1,785	1,723
Total long-term liabilities	<u>22,879</u>	<u>31,349</u>
Total liabilities:	<u>99,360</u>	<u>113,344</u>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	39,601	42,810
Treasury stock	(2,360)	(2,360)
Total shareholders' equity	<u>79,463</u>	<u>82,672</u>
<b>Accumulated other comprehensive loss:</b>		
Unrealized gain on available-for-sale securities	1,871	1,969
Deferred loss on derivatives under hedge accounting	(32)	(36)
Land revaluation reserve	626	655
Foreign currency translation adjustments	(11,700)	(11,985)
Total accumulated other comprehensive loss	<u>(9,235)</u>	<u>(9,396)</u>
<b>Minority interests</b>		
Total net assets	<u>71,217</u>	<u>74,350</u>
Total liabilities and net assets	<u>170,577</u>	<u>187,694</u>

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

## (1) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2011 Ended March 31, 2011	Fiscal Year 2012 Ended March 31, 2012
<b>Net sales</b>	161,730	165,638
<b>Cost of sales</b>	132,728	135,938
Gross profit	29,001	29,699
<b>Selling, general and administrative expenses</b>	20,716	21,984
Operating income	8,285	7,715
<b>Non-operating income</b>		
Interest income	33	22
Dividends income	120	144
Rent income	451	405
Gain on sale of scrap	137	161
Cash dividends for insurance	133	70
Miscellaneous income	300	269
Total non-operating income	1,176	1,074
<b>Non-operating expenses</b>		
Interest expenses	1,094	1,020
Cash discounts	178	191
Loss on abandonment of inventories	96	187
Depreciation	196	117
Exchange losses	264	227
Miscellaneous expenses	190	96
Total non-operating expenses	2,022	1,839
Ordinary income	7,438	6,950
<b>Extraordinary income</b>		
Gain on sale of fixed assets	191	31
Gain on sale of investment in securities	-	1
Reversal of allowance for doubtful accounts	1	-
Gain on negative goodwill	22	1
Total extraordinary income	216	34
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	280	112
Loss on devaluation of investment in securities	40	172
Special retirement expenses	-	198
Loss on adjustment for changes of accounting standard for asset retirement obligations	29	-
Total extraordinary losses	349	484
Income before income taxes and minority interests	7,305	6,500
<b>Income taxes</b>		
Current	2,367	2,288
Deferred	220	(35)
Total income taxes	2,588	2,253
Income before gain on minority interests	4,717	4,247
Gain on minority interests	123	68
Net income	4,594	4,179

## (2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2011 Ended March 31, 2011	Fiscal Year 2012 Ended March 31, 2012
<b>Income before gain on minority interests</b>	4,717	4,247
<b>Other comprehensive income</b>		
Unrealized gain on available-for-sale securities	(282)	115
Deferred loss on derivatives under hedge accounting	(0)	(3)
Land revaluation reserve	–	43
Foreign currency translation adjustments	(1,183)	(285)
Share of other comprehensive loss of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	(1,466)	(130)
<b>Comprehensive income</b>	<b>3,250</b>	<b>4,117</b>
Comprehensive income attributable to:		
Owners of the parent	3,125	4,018
Minority interests	125	98

**3. Consolidated Statements of Changes in Net Assets**

	(Millions of yen)	
	Fiscal Year 2011 Ended March 31, 2011	Fiscal Year 2012 Ended March 31, 2012
<b>Shareholders' equity</b>		
<b>Common stock</b>		
Balance at beginning of year	18,472	18,472
Changes of items during the year		
Total changes of items during the year	-	-
Balance at end of year	18,472	18,472
<b>Capital surplus</b>		
Balance at beginning of year	23,750	23,750
Changes of items during the year		
Disposal of treasury stock	0	-
Total changes of items during the year	0	-
Balance at end of year	23,750	23,750
<b>Retained earnings</b>		
Balance at beginning of year	35,007	39,601
Changes of items during the year		
Dividends from surplus	-	(970)
Net income	4,594	4,179
Total changes of items during the year	4,594	3,209
Balance at end of year	39,601	42,810
<b>Treasury stock</b>		
Balance at beginning of year	(2,354)	(2,360)
Changes of items during the year		
Acquisition of treasury stock	(5)	(0)
Disposal of treasury stock	0	-
Total changes of items during the year	(5)	(0)
Balance at end of year	(2,360)	(2,360)
<b>Total shareholders' equity</b>		
Balance at beginning of year	74,874	79,463
Changes of items during the year		
Dividends from surplus	-	(970)
Net income	4,594	4,179
Acquisition of treasury stock	(5)	(0)
Disposal of treasury stock	0	-
Total changes of items during the year	4,588	3,208
Balance at end of year	79,463	82,672

	(Millions of yen)	
	Fiscal Year 2011 Ended March 31, 2011	Fiscal Year 2012 Ended March 31, 2012
<b>Accumulated other comprehensive loss</b>		
<b>Unrealized gain on available-for-sale securities</b>		
Balance at beginning of year	2,157	1,871
Changes of items during the year		
Net changes of items other than shareholders' equity	(285)	98
Total changes of items during the year	(285)	98
Balance at end of year	1,871	1,969
<b>Deferred losses on derivatives under hedge accounting</b>		
Balance at beginning of year	(32)	(32)
Changes of items during the year		
Net changes of items other than shareholders' equity	(0)	(3)
Total changes of items during the year	(0)	(3)
Balance at end of year	(32)	(36)
<b>Land revaluation reserve</b>		
Balance at beginning of year	626	626
Changes of items during the year		
Net changes of items other than shareholders' equity	-	28
Total changes of items during the year	-	28
Balance at end of year	626	655
<b>Foreign currency translation adjustments</b>		
Balance at beginning of year	(10,517)	(11,700)
Changes of items during the year		
Net changes of items other than shareholders' equity	(1,183)	(285)
Total changes of items during the year	(1,183)	(285)
Balance at end of year	(11,700)	(11,985)
<b>Total accumulated other comprehensive loss</b>		
Balance at beginning of year	(7,766)	(9,235)
Changes of items during the year		
Net changes of items other than shareholders' equity	(1,469)	(161)
Total changes of items during the year	(1,469)	(161)
Balance at end of year	(9,235)	(9,396)
<b>Minority interests</b>		
<b>Balance at beginning of year</b>	887	989
<b>Changes of items during the year</b>		
Net changes of items other than shareholders' equity	101	86
Total changes of items during the year	101	86
<b>Balance at end of year</b>	989	1,075

	(Millions of yen)	
	Fiscal Year 2011 Ended March 31, 2011	Fiscal Year 2012 Ended March 31, 2012
<b>Total net assets</b>		
<b>Balance at beginning of year</b>	67,995	71,217
<b>Changes of items during the year</b>		
Dividends from surplus	-	(970)
Net income	4,594	4,179
Acquisition of treasury stock	(5)	(0)
Disposal of treasury stock	0	-
Net changes of items other than shareholders' equity	(1,367)	(75)
Total changes of items during the year	3,221	3,133
<b>Balance at end of year</b>	71,217	74,350

**4. Consolidated Statements of Cash Flows**

	(Millions of yen)	
	Fiscal Year 2011 Ended March 31, 2011	Fiscal Year 2012 Ended March 31, 2012
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	7,305	6,500
Depreciation and amortization	11,339	10,924
Decrease in allowance for doubtful accounts	(44)	(18)
Increase (decrease) in reserve for bonuses	762	(7)
Decrease in accrued severance indemnities	(354)	(528)
Interest and dividends income	(153)	(167)
Interest expenses	1,094	1,020
Loss on devaluation of investment in securities	40	172
Loss on sale or disposal of fixed assets	90	80
Increase in notes and accounts receivable	(3,461)	(5,433)
Increase in inventories	(985)	(3,670)
Decrease (increase) in other current assets	(814)	452
Increase in notes and accounts payable	3,225	4,256
Other increases in current liabilities	720	1,686
Other	339	(96)
Subtotal	19,104	15,173
Interest and dividends received	157	166
Interest paid	(1,108)	(1,008)
Income taxes paid	(684)	(3,401)
Net cash provided by operating activities	17,468	10,929
<b>Cash flows from investing activities:</b>		
Payment for purchases of property, plant and equipment	(7,646)	(17,961)
Proceeds from sale of property, plant and equipment	324	69
Payment for purchases of marketable securities	(3,837)	(1,340)
Proceeds from sale of marketable securities	3,837	1,340
Payment for purchase of investment in securities	(19)	(22)
Payment for time deposits	(2,714)	(2,445)
Proceeds from repayment of time deposits	2,836	2,445
Other	(186)	(419)
Net cash used in investing activities	(7,406)	(18,334)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings, net	(5,238)	3,449
Proceeds from long-term debt	7,163	16,302
Repayment of long-term debt	(13,250)	(10,191)
Acquisition of treasury stock	(5)	(0)
Proceeds from sale of treasury stock	0	-
Cash dividends paid	-	(970)
Other	(405)	(260)
Net cash provided by (used in) financing activities	(11,736)	8,329
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	(159)	102
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,834)	1,027
<b>Cash and cash equivalents at beginning of year</b>	23,319	21,485
<b>Cash and cash equivalents at end of year</b>	21,485	22,513

**5. Segment Information****(1) Industry Segment Information**

For the Fiscal Year Ended March 31, 2011

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	118,192	19,679	23,858	161,730	-	161,730
Intersegment	115	-	2	117	(117)	-
Total	118,307	19,679	23,860	161,847	(117)	161,730
Operating Income (Loss)	7,291	(936)	1,930	8,285	0	8,285
Total Assets	99,062	23,098	23,800	145,961	24,615	170,577
Depreciation and Amortization	9,928	699	711	11,339	-	11,339
Capital Expenditure	8,451	145	452	9,048	-	9,048

For the Fiscal Year Ended March 31, 2012

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	123,360	17,532	24,744	165,638	-	165,638
Intersegment	121	-	3	125	(125)	-
Total	123,481	17,532	24,748	165,763	(125)	165,638
Operating Income (Loss)	6,079	(710)	2,346	7,714	0	7,715
Total Assets	117,757	23,344	26,178	167,280	20,414	187,694
Depreciation and Amortization	9,699	593	631	10,924	-	10,924
Capital Expenditure	19,425	143	705	20,275	-	20,275

## (2) Information by Region

For the Fiscal Year Ended March 31, 2011

## a. Net Sales

(Millions of yen)

Japan	The Americas	Other	Total
113,643	29,217	18,870	161,730

Note: Net sales are classified by country and region based on customer location.

## b. Property, plant and equipment

(Millions of yen)

Japan	The Americas	Asia	Other	Total
47,580	8,917	8,229	3,196	67,923

For the Fiscal Year Ended March 31, 2012

## a. Net Sales

(Millions of yen)

Japan	The Americas	Other	Total
114,124	29,991	21,522	165,638

Note: Net sales are classified by country and region based on customer location.

## b. Property, plant and equipment

(Millions of yen)

Japan	The Americas	Asia	Other	Total
45,520	8,817	18,531	2,800	75,669