

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2013**

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, 2012	September 30, 2012
ASSETS		
Current assets:		
Cash and deposits	18,694	17,127
Notes and accounts receivable	39,404	38,705
Marketable securities	5,894	9,794
Finished products and purchased goods	13,852	14,782
Work in process	10,057	9,511
Raw materials and supplies	6,813	7,027
Other current assets	4,354	4,878
Allowance for doubtful accounts	(42)	(23)
Total current assets	99,029	101,803
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	17,951	20,762
Machinery and equipment (net)	21,629	26,045
Land	21,697	22,195
Construction in progress	11,287	11,831
Other fixed assets (net)	3,104	3,280
Total property, plant and equipment	75,669	84,114
Intangible fixed assets:		
Other intangible fixed assets	1,642	1,673
Total intangible fixed assets	1,642	1,673
Investments and other assets:		
Investment in securities	8,147	7,039
Other	3,258	3,599
Allowance for doubtful accounts	(53)	(65)
Total investments and other assets	11,353	10,573
Total fixed assets	88,665	96,361
Total assets	187,694	198,164

	(Millions of yen)	
	March 31, 2012	September 30, 2012
LIABILITIES		
Current liabilities:		
Notes and accounts payable	32,427	31,817
Short-term borrowings	28,541	27,618
Current portion of long-term debt	6,806	8,515
Income taxes payable	909	573
Accrued bonuses	1,605	1,594
Accrued bonuses to directors	32	-
Other current liabilities	11,670	11,335
Total current liabilities	81,994	81,455
Long-term liabilities:		
Long-term debt	22,158	33,525
Accrued severance indemnities	6,105	5,995
Other long-term liabilities	3,086	2,839
Total long-term liabilities	31,349	42,360
Total liabilities:	113,344	123,815
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,757
Retained earnings	42,810	43,011
Treasury stock	(2,360)	(2,333)
Total shareholders' equity	82,672	82,907
Accumulated other comprehensive loss:		
Unrealized gain on available-for-sale securities	1,969	1,280
Deferred loss on derivatives under hedge accounting	(36)	(51)
Land revaluation reserve	655	655
Foreign currency translation adjustments	(11,985)	(11,596)
Total accumulated other comprehensive loss	(9,396)	(9,712)
Minority interests		
Total net assets	74,350	74,349
Total liabilities and net assets	187,694	198,164

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

(Millions of yen)

	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Net sales	81,705	82,616
Cost of sales	66,843	69,532
Gross profit	14,861	13,083
Selling, general and administrative expenses	10,546	10,874
Operating income	4,315	2,209
Non-operating income		
Interest income	10	17
Dividends income	88	90
Rent income	202	201
Gain on sale of scrap	73	81
Miscellaneous income	221	361
Total non-operating income	596	752
Non-operating expenses		
Interest expenses	468	621
Cash discounts	100	105
Exchange losses	170	151
Depreciation	56	39
Miscellaneous expenses	123	82
Total non-operating expenses	918	1,000
Ordinary income	3,993	1,961
Extraordinary income		
Gain on sale of fixed assets	23	1
Gain on negative goodwill	0	5
Total extraordinary income	24	6
Extraordinary losses		
Loss on disposal of fixed assets	35	72
Loss on devaluation of investment in securities	148	43
Special retirement expenses	178	-
Total extraordinary losses	362	115
Income before income taxes and minority interests	3,655	1,852
Income taxes	1,387	556
Income before gain on minority interests	2,268	1,295
Gain (loss) on minority interests	(41)	124
Net income	2,309	1,171

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Income before gain on minority interests	2,268	1,295
Other comprehensive income		
Unrealized gain on available-for-sale securities	(458)	(703)
Deferred loss on derivatives under hedge accounting	(15)	(14)
Foreign currency translation adjustments	57	389
Share of other comprehensive loss of associates accounted for using equity method	(1)	(3)
Total other comprehensive income	(418)	(332)
Comprehensive income	1,849	963
Comprehensive income attributable to:		
Owners of the parent	1,907	856
Minority interests	(57)	106

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Cash flows from operating activities:		
Income before income taxes and minority interests	3,655	1,852
Depreciation and amortization	4,954	4,818
Increase (decrease) in allowance for doubtful accounts	48	(7)
Decrease in reserve for bonuses	(27)	(10)
Decrease in accrued severance indemnities	(351)	(109)
Interest and dividends income	(99)	(108)
Interest expenses	468	621
Loss on devaluation of investment in securities	148	43
Loss on sale or disposal of fixed assets	12	71
Decrease (increase) in notes and accounts receivable	(2,062)	841
Increase in inventories	(1,370)	(453)
Increase in other current assets	(197)	(472)
Increase (decrease) in notes and accounts payable	1,777	(710)
Other decreases in current liabilities	(270)	(617)
Other	(83)	(106)
Subtotal	6,602	5,652
Interest and dividends received	99	109
Interest paid	(466)	(571)
Income taxes paid	(2,178)	(980)
Net cash provided by operating activities	4,056	4,209
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(8,770)	(12,431)
Proceeds from sale of property, plant and equipment	60	59
Payment for purchases of marketable securities	(690)	(690)
Proceeds from sale of marketable securities	690	690
Payment for purchase of investment in securities	(11)	(11)
Payment for time deposits	(1,319)	(1,319)
Proceeds from repayment of time deposits	1,349	1,353
Other	(234)	(257)
Net cash used in investing activities	(8,925)	(12,607)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	392	(1,169)
Proceeds from long-term debt	8,300	15,593
Repayment of long-term debt	(6,107)	(2,566)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(970)	(966)
Other	(150)	(128)
Net cash provided by financing activities	1,465	10,761
Foreign currency translation adjustments on cash and cash equivalents	6	3
Net increase (decrease) in cash and cash equivalents	(3,397)	2,366
Cash and cash equivalents at beginning of year	21,485	22,513
Cash and cash equivalents at end of the period	18,088	24,880

4. Segment Information

Industry Segment Information

For the Six Months Ended September 30, 2011

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	59,144	9,644	12,915	81,705	-	81,705
Intersegment	59	-	1	61	(61)	-
Total	59,204	9,644	12,917	81,766	(61)	81,705
Operating Income (Loss)	3,263	(429)	1,481	4,315	0	4,315

For the Six Months Ended September 30, 2012

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	62,537	7,542	12,536	82,616	-	82,616
Intersegment	66	-	0	66	(66)	-
Total	62,603	7,542	12,536	82,682	(66)	82,616
Operating Income (Loss)	1,832	(722)	1,099	2,209	0	2,209