

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2014**

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, 2013	September 30, 2013
ASSETS		
Current assets:		
Cash and deposits	17,846	13,545
Notes and accounts receivable	39,689	42,793
Marketable securities	6,197	4,199
Finished products and purchased goods	14,163	14,497
Work in process	10,063	10,799
Raw materials and supplies	7,665	8,878
Other current assets	7,139	6,130
Allowance for doubtful accounts	(19)	(21)
Total current assets	102,746	100,823
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	24,996	27,453
Machinery and equipment (net)	36,380	44,193
Land	22,309	22,108
Construction in progress	9,955	7,993
Other fixed assets (net)	3,238	3,571
Total property, plant and equipment	96,880	105,320
Intangible fixed assets:		
Other intangible fixed assets	1,642	2,346
Total intangible fixed assets	1,642	2,346
Investments and other assets:		
Investment in securities	9,649	11,503
Other	3,875	5,582
Allowance for doubtful accounts	(68)	(67)
Total investments and other assets	13,456	17,018
Total fixed assets	111,979	124,685
Total assets	214,725	225,508

	(Millions of yen)	
	March 31, 2013	September 30, 2013
LIABILITIES		
Current liabilities:		
Notes and accounts payable	30,539	31,772
Short-term borrowings	32,201	33,764
Current portion of long-term debt	8,734	12,065
Income taxes payable	386	1,056
Accrued bonuses	1,302	1,293
Other current liabilities	14,424	11,647
Total current liabilities	87,588	91,600
Long-term liabilities:		
Long-term debt	38,165	34,520
Accrued severance indemnities	5,876	5,569
Other long-term liabilities	3,328	4,378
Total long-term liabilities	47,369	44,469
Total liabilities:	134,958	136,069
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,757	23,757
Retained earnings	43,364	46,357
Treasury stock	(2,333)	(2,333)
Total shareholders' equity	83,260	86,253
Accumulated other comprehensive income (loss) :		
Unrealized gain on available-for-sale securities	2,880	3,964
Deferred loss on derivatives under hedge accounting	(51)	(33)
Land revaluation reserve	655	655
Foreign currency translation adjustments	(8,293)	(2,906)
Total accumulated other comprehensive income (loss)	(4,808)	1,679
Minority interests	1,316	1,506
Total net assets	79,767	89,439
Total liabilities and net assets	214,725	225,508

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

(Millions of yen)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Net sales	82,616	93,786
Cost of sales	69,532	79,390
Gross profit	13,083	14,395
Selling, general and administrative expenses	10,874	10,685
Operating income	2,209	3,709
Non-operating income		
Interest income	17	28
Dividends income	90	99
Rent income	201	169
Exchange gain	-	278
Gain on sale of scrap	81	110
Miscellaneous income	361	273
Total non-operating income	752	959
Non-operating expenses		
Interest expenses	621	838
Cash discounts	105	108
Exchange losses	151	-
Depreciation	39	21
Miscellaneous expenses	82	146
Total non-operating expenses	1,000	1,115
Ordinary income	1,961	3,554
Extraordinary income		
Gain on sale of fixed assets	1	3
Gain on negative goodwill	5	0
Total extraordinary income	6	3
Extraordinary losses		
Loss on disposal of fixed assets	72	115
Loss on devaluation of investment in securities	43	-
Impairment loss on fixed assets	-	279
Total extraordinary losses	115	394
Income before income taxes and minority interests	1,852	3,163
Income taxes	556	(375)
Income before gain on minority interests	1,295	3,538
Gain on minority interests	124	59
Net income	1,171	3,478

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Income before gain on minority interests	1,295	3,538
Other comprehensive income		
Unrealized gain on available-for-sale securities	(703)	1,218
Deferred loss on derivatives under hedge accounting	(14)	17
Foreign currency translation adjustments	389	5,387
Share of other comprehensive income of associates accounted for using equity method	(3)	7
Total other comprehensive income	(332)	6,629
Comprehensive income	963	10,168
Comprehensive income attributable to:		
Owners of the parent	856	9,967
Minority interests	106	201

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Cash flows from operating activities:		
Income before income taxes and minority interests	1,852	3,163
Depreciation and amortization	4,818	5,913
Impairment loss on fixed assets	–	279
Increase (decrease) in allowance for doubtful accounts	(7)	1
Decrease in reserve for bonuses	(10)	(9)
Decrease in accrued severance indemnities	(109)	(306)
Interest and dividends income	(108)	(127)
Interest expenses	621	838
Loss on devaluation of investment in securities	43	–
Loss on sale or disposal of fixed assets	71	112
Decrease (increase) in notes and accounts receivable	841	(1,807)
Increase in inventories	(453)	(1,044)
Decrease (increase) in other current assets	(472)	1,005
Increase (decrease) in notes and accounts payable	(710)	536
Other increases (decreases) in current liabilities	(617)	622
Other	(106)	139
Subtotal	5,652	9,316
Interest and dividends received	109	127
Interest paid	(571)	(843)
Income taxes (paid) refund	(980)	262
Net cash provided by operating activities	4,209	8,862
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(12,431)	(12,573)
Proceeds from sale of property, plant and equipment	59	131
Payment for purchases of marketable securities	(690)	(690)
Proceeds from sale of marketable securities	690	690
Payment for purchase of investment in securities	(11)	(14)
Payment for time deposits	(1,319)	(1,319)
Proceeds from repayment of time deposits	1,353	1,349
Other	(257)	(267)
Net cash used in investing activities	(12,607)	(12,693)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(1,169)	(334)
Proceeds from long-term debt	15,593	2,533
Repayment of long-term debt	(2,566)	(4,722)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(966)	(483)
Other	(128)	(58)
Net cash provided by (used in) financing activities	10,761	(3,066)
Foreign currency translation adjustments on cash and cash equivalents	3	627
Net increase (decrease) in cash and cash equivalents	2,366	(6,269)
Cash and cash equivalents at beginning of year	22,513	21,844
Cash and cash equivalents at end of the period	24,880	15,574

4. Segment Information

Industry Segment Information

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

For the Six Months Ended September 30, 2013

(Millions of yen)

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