

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Nine Months 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	December 31, 2013
ASSETS		
Current assets:		
Cash and deposits	17,846	21,599
Notes and accounts receivable	39,689	44,355
Marketable securities	6,197	1,392
Finished products and purchased goods	14,163	15,045
Work in process	10,063	11,459
Raw materials and supplies	7,665	9,333
Other current assets	7,139	5,699
Allowance for doubtful accounts	(19)	(21)
Total current assets	102,746	108,864
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	24,996	27,671
Machinery and equipment (net)	36,380	44,080
Land	22,309	22,104
Construction in progress	9,955	8,374
Other fixed assets (net)	3,238	3,746
Total property, plant and equipment	96,880	105,977
Intangible fixed assets:		
Other intangible fixed assets	1,642	2,373
Total intangible fixed assets	1,642	2,373
Investments and other assets:		
Investment in securities	9,649	12,841
Other	3,875	5,448
Allowance for doubtful accounts	(68)	(68)
Total investments and other assets	13,456	18,221
Total fixed assets	111,979	126,572
Total assets	214,725	235,436

	(Millions of yen)	
	March 31, 2013	December 31, 2013
LIABILITIES		
Current liabilities:		
Notes and accounts payable	30,539	38,194
Short-term borrowings	32,201	34,080
Current portion of long-term debt	8,734	11,508
Income taxes payable	386	1,027
Accrued bonuses	1,302	505
Other current liabilities	14,424	12,304
Total current liabilities	87,588	97,620
Long-term liabilities:		
Long-term debt	38,165	36,812
Accrued severance indemnities	5,876	5,339
Other long-term liabilities	3,328	5,060
Total long-term liabilities	47,369	47,213
Total liabilities:	134,958	144,833
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,757	23,757
Retained earnings	43,364	46,745
Treasury stock	(2,333)	(2,334)
Total shareholders' equity	83,260	86,640
Accumulated other comprehensive income (loss) :		
Unrealized gain on available-for-sale securities	2,880	4,806
Deferred loss on derivatives under hedge accounting	(51)	(24)
Land revaluation reserve	655	655
Foreign currency translation adjustments	(8,293)	(3,059)
Total accumulated other comprehensive income (loss)	(4,808)	2,377
Minority interests	1,316	1,584
Total net assets	79,767	90,602
Total liabilities and net assets	214,725	235,436

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

(Millions of yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Net sales	124,263	144,881
Cost of sales	105,451	122,719
Gross profit	18,811	22,161
Selling, general and administrative expenses	16,267	16,362
Operating income	2,544	5,798
Non-operating income		
Interest income	23	42
Dividends income	146	174
Rent income	299	252
Exchange gain	-	325
Gain on sale of scrap	126	198
Miscellaneous income	528	329
Total non-operating income	1,124	1,322
Non-operating expenses		
Interest expenses	982	1,267
Cash discounts	155	160
Exchange losses	14	-
Depreciation	60	30
Miscellaneous expenses	126	385
Total non-operating expenses	1,339	1,844
Ordinary income	2,329	5,277
Extraordinary income		
Gain on sale of fixed assets	2	7
Gain on negative goodwill	6	0
Total extraordinary income	9	7
Extraordinary losses		
Loss on disposal of fixed assets	234	135
Loss on devaluation of investment in securities	43	-
Impairment loss on fixed assets	-	279
Total extraordinary losses	277	414
Income before income taxes and minority interests	2,061	4,869
Income taxes	724	409
Income before gain on minority interests	1,336	4,460
Gain on minority interests	162	108
Net income	1,174	4,351

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Income before gain on minority interests	1,336	4,460
Other comprehensive income		
Unrealized gain on available-for-sale securities	304	2,085
Deferred loss on derivatives under hedge accounting	(11)	26
Foreign currency translation adjustments	31	5,233
Share of other comprehensive income of associates accounted for using equity method	(0)	11
Total other comprehensive income	324	7,356
Comprehensive income	1,660	11,817
Comprehensive income attributable to:		
Owners of the parent	1,459	11,538
Minority interests	201	279

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Cash flows from operating activities:		
Income before income taxes and minority interests	2,061	4,869
Depreciation and amortization	7,678	9,381
Impairment loss on fixed assets	-	279
Increase (decrease) in allowance for doubtful accounts	(7)	2
Decrease in reserve for bonuses	(1,175)	(796)
Decrease in accrued severance indemnities	(231)	(536)
Interest and dividends income	(169)	(216)
Interest expenses	982	1,267
Loss on devaluation of investment in securities	43	-
Loss on sale or disposal of fixed assets	231	128
Decrease (increase) in notes and accounts receivable	522	(3,384)
Increase in inventories	(879)	(2,694)
Decrease (increase) in other current assets	(897)	1,134
Increase (decrease) in notes and accounts payable	(1,100)	6,905
Other increases (decreases) in current liabilities	(55)	1,518
Other	4	175
Subtotal	7,006	18,035
Interest and dividends received	170	216
Interest paid	(941)	(1,279)
Income taxes paid	(2,020)	(53)
Net cash provided by operating activities	4,215	16,918
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(17,748)	(16,573)
Proceeds from sale of property, plant and equipment	220	58
Payment for purchases of marketable securities	(690)	(690)
Proceeds from sale of marketable securities	690	690
Payment for purchase of investment in securities	(19)	(26)
Payment for time deposits	(1,513)	(1,503)
Proceeds from repayment of time deposits	1,408	1,533
Other	(345)	(421)
Net cash used in investing activities	(17,996)	(16,932)
Cash flows from financing activities:		
Increase in short-term borrowings, net	927	195
Proceeds from long-term debt	19,727	6,514
Repayment of long-term debt	(5,902)	(7,380)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(1,449)	(966)
Other	(172)	(77)
Net cash provided by (used in) financing activities	13,130	(1,714)
Foreign currency translation adjustments on cash and cash equivalents	(11)	706
Net decrease in cash and cash equivalents	(662)	(1,022)
Cash and cash equivalents at beginning of year	22,513	21,844
Cash and cash equivalents at end of the period	21,851	20,821

4. Segment Information

Industry Segment Information

For the Nine Months Ended December 31, 2012

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	93,928	11,447	18,886	124,263	-	124,263
Intersegment	99	-	0	100	(100)	-
Total	94,028	11,447	18,887	124,363	(100)	124,263
Operating Income (Loss)	1,666	(822)	1,701	2,554	(0)	2,544

For the Nine Months Ended December 31, 2013

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	113,551	11,606	19,723	144,881	-	144,881
Intersegment	98	-	0	98	(98)	-
Total	113,649	11,606	19,723	144,980	(98)	144,881
Operating Income (Loss)	4,800	(122)	1,121	5,798	-	5,798