

**Ryobi Limited and Consolidated Subsidiaries****Consolidated Financial Statements for the Fiscal Year Ended 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	March 31, 2014
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	17,846	18,419
Notes and accounts receivable	39,689	48,096
Marketable securities	6,197	1,493
Finished products and purchased goods	14,163	15,840
Work in process	10,063	12,401
Raw materials and supplies	7,665	11,229
Deferred tax assets	1,005	1,184
Other current assets	6,134	5,041
Allowance for doubtful accounts	(19)	(79)
Total current assets	102,746	113,626
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures (net)	24,996	31,286
Machinery and equipment (net)	36,380	48,645
Land	22,309	23,224
Construction in progress	9,955	4,523
Other fixed assets (net)	3,238	3,572
Total property, plant and equipment	96,880	111,253
Intangible fixed assets:		
Other intangible fixed assets	1,642	2,467
Total intangible fixed assets	1,642	2,467
Investments and other assets:		
Investment in securities	9,649	11,858
Deferred tax assets	2,071	3,874
Other	1,804	1,979
Allowance for doubtful accounts	(68)	(83)
Total investments and other assets	13,456	17,628
Total fixed assets	111,979	131,349
Total assets	214,725	244,976

	(Millions of yen)	
	March 31, 2013	March 31, 2014
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	30,539	35,171
Short-term borrowings	32,201	37,277
Current portion of long-term debt	8,734	12,159
Income taxes payable	386	1,753
Accrued bonuses	1,302	1,569
Accrued bonuses to directors	-	42
Other current liabilities	14,424	11,654
Total current liabilities	87,588	99,627
<b>Long-term liabilities:</b>		
Long-term debt	38,165	35,920
Deferred tax liabilities	402	1,203
Deferred tax liabilities for revaluation	630	630
Accrued severance indemnities	5,876	-
Net defined benefit liability	-	7,567
Liabilities from application of equity method	403	-
Other long-term liabilities	1,891	3,592
Total long-term liabilities	47,369	48,914
Total liabilities:	134,958	148,542
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	18,472	18,472
Capital surplus	23,757	23,757
Retained earnings	43,364	46,661
Treasury stock	(2,333)	(2,334)
Total shareholders' equity	83,260	86,556
<b>Accumulated other comprehensive income (loss) :</b>		
Unrealized gain on available-for-sale securities	2,880	4,160
Deferred loss on derivatives under hedge accounting	(51)	(24)
Land revaluation reserve	655	655
Foreign currency translation adjustments	(8,293)	763
Remeasurements of defined benefit plans	-	(544)
Total accumulated other comprehensive income (loss)	(4,808)	5,010
<b>Minority interests</b>		
Total net assets	79,767	96,433
Total liabilities and net assets	214,725	244,976

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

(Millions of yen)

	Fiscal Year 2013 Ended March 31, 2013	Fiscal Year 2014 Ended March 31, 2014
<b>Net sales</b>	166,566	199,697
<b>Cost of sales</b>	141,620	169,539
Gross profit	24,946	30,158
<b>Selling, general and administrative expenses</b>	21,639	22,493
Operating income	3,307	7,665
<b>Non-operating income</b>		
Interest income	32	41
Dividends income	147	174
Rent income	380	309
Exchange gain	332	449
Subsidy income	-	327
Gain on sale of scrap	172	305
Cash dividends for insurance	124	111
Miscellaneous income	485	320
Total non-operating income	1,676	2,041
<b>Non-operating expenses</b>		
Interest expenses	1,369	1,706
Cash discounts	197	207
Loss on abandonment of inventories	140	275
Depreciation	86	32
Miscellaneous expenses	208	219
Total non-operating expenses	2,002	2,442
Ordinary income	2,980	7,264
<b>Extraordinary income</b>		
Gain on sale of fixed assets	5	22
Gain on negative goodwill	6	0
Total extraordinary income	12	22
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	317	194
Impairment loss on fixed assets	17	1,611
Loss on devaluation of investment in securities	44	-
Loss on devaluation of golf club membership	-	45
Total extraordinary losses	379	1,850
Income before income taxes and minority interests	2,613	5,436
<b>Income taxes</b>		
Current	793	2,356
Deferred	(376)	(1,274)
Total Income taxes	416	1,081
Income before gain on minority interests	2,196	4,355
Gain on minority interests	187	222
Net income	2,009	4,132

## (2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2013 Ended March 31, 2013	Fiscal Year 2014 Ended March 31, 2014
<b>Income before gain on minority interests</b>	2,196	4,355
<b>Other comprehensive income</b>		
Unrealized gain on available-for-sale securities	989	1,424
Deferred loss on derivatives under hedge accounting	(14)	26
Foreign currency translation adjustments	3,692	9,056
Share of other comprehensive income of associates accounted for using equity method	5	—
Total other comprehensive income	4,672	10,508
<b>Comprehensive income</b>	6,869	14,863
Comprehensive income attributable to:		
Owners of the parent	6,598	14,495
Minority interests	271	367

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

For the Fiscal Year Ended March 31, 2013

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	18,472	23,750	42,810	(2,360)	82,672
Changes of items during the year					
Dividends from surplus			(1,456)		(1,456)
Net income			2,009		2,009
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		7		27	34
Net changes of items other than shareholders' equity					
Total changes of items during the year	-	7	553	26	587
Balance at end of year	18,472	23,757	43,364	(2,333)	83,260

	Accumulated other comprehensive loss						Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss		
Balance at beginning of year	1,969	(36)	655	(11,985)	-	(9,396)	1,075	74,350
Changes of items during the year								
Dividends from surplus								(1,456)
Net income								2,009
Acquisition of treasury stock								(0)
Disposal of treasury stock								34
Net changes of items other than shareholders' equity	910	(14)	-	3,692	-	4,588	240	4,828
Total changes of items during the year	910	(14)	-	3,692	-	4,588	240	5,416
Balance at end of year	2,880	(51)	655	(8,293)	-	(4,808)	1,316	79,767

For the Fiscal Year Ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	18,472	23,757	43,364	(2,333)	83,260
Changes of items during the year					
Dividends from surplus			(971)		(971)
Net income			4,132		4,132
Acquisition of treasury stock				(0)	(0)
Change of scope of consolidation			135		135
Net changes of items other than shareholders' equity					
Total changes of items during the year	-	-	3,296	(0)	3,296
Balance at end of year	18,472	23,757	46,661	(2,334)	86,556

	Accumulated other comprehensive loss						Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss		
Balance at beginning of year	2,880	(51)	655	(8,293)	-	(4,808)	1,316	79,767
Changes of items during the year								
Dividends from surplus								(971)
Net income								4,132
Acquisition of treasury stock								(0)
Change of scope of consolidation								135
Net changes of items other than shareholders' equity	1,280	26	-	9,056	(544)	9,819	3,550	13,369
Total changes of items during the year	1,280	26	-	9,056	(544)	9,819	3,550	16,666
Balance at end of year	4,160	(24)	655	763	(544)	5,010	4,866	96,433

## 4. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal Year 2013 Ended March 31, 2013	Fiscal Year 2014 Ended March 31, 2014
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	2,613	5,436
Depreciation and amortization	10,932	13,141
Impairment loss on fixed assets	17	1,611
Increase (decrease) in allowance for doubtful accounts	(8)	72
Increase (decrease) in reserve for bonuses	(303)	263
Decrease in accrued severance indemnities	(229)	(5,903)
Increase in net defined benefit liability	–	6,814
Interest and dividends income	(180)	(215)
Interest expenses	1,369	1,706
Loss on devaluation of investment in securities	44	–
Loss on sale or disposal of fixed assets	312	171
Decrease (increase) in notes and accounts receivable	685	(4,304)
Increase in inventories	(185)	(2,017)
Decrease (increase) in other current assets	(1,909)	1,082
Increase (decrease) in notes and accounts payable	(2,514)	1,291
Other increases (decreases) in current liabilities	(803)	675
Other	12	(1,525)
Subtotal	9,851	18,300
Interest and dividends received	181	216
Interest paid	(1,300)	(1,775)
Income taxes paid	(1,966)	(336)
Net cash provided by operating activities	6,766	16,404
<b>Cash flows from investing activities:</b>		
Payment for purchases of property, plant and equipment	(23,832)	(20,819)
Proceeds from sale of property, plant and equipment	191	191
Payment for purchases of marketable securities	(1,340)	(1,340)
Proceeds from sale of marketable securities	1,340	1,340
Payment for purchase of investment in securities	(23)	(30)
Payment for time deposits	(2,775)	(2,775)
Proceeds from repayment of time deposits	2,650	2,775
Other	(518)	(437)
Net cash used in investing activities	(24,308)	(21,096)
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings, net	2,197	2,193
Proceeds from long-term debt	22,687	7,211
Repayment of long-term debt	(6,699)	(9,287)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(1,451)	(968)
Other	(134)	(82)
Net cash provided by (used in) financing activities	16,599	(934)
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	272	1,086
<b>Net decrease in cash and cash equivalents</b>	(669)	(4,539)
<b>Cash and cash equivalents at beginning of year</b>	22,513	21,844
<b>Net increase in cash and cash equivalents from newly consolidated subsidiary</b>	–	98
<b>Net increase in cash and cash equivalents from newly corporate division</b>	–	309
<b>Cash and cash equivalents at end of year</b>	21,844	17,711

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

For the Fiscal Year Ended March 31, 2013

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Total	Eliminations / Corporate	Consolidated
Net sales:						
Unaffiliated customers	126,673	24,309	15,584	166,566	–	166,566
Intersegment	132	1	–	133	(133)	–
Total	126,805	24,310	15,584	166,700	(133)	166,566
Operating income (loss)	2,242	1,776	(711)	3,307	(0)	3,307
Total assets	150,281	25,985	17,477	193,745	20,980	214,725
Depreciation and amortization	9,766	656	510	10,932	–	10,932
Capital expenditure	26,545	842	130	27,517	–	27,517

For the Fiscal Year Ended March 31, 2014

(Millions of yen)

	Die Castings	Power Tools and Builders' Hardware	Printing Equipment	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:							
Unaffiliated customers	154,480	25,960	19,027	229	199,697	–	199,697
Intersegment	128	7	–	30	166	(166)	–
Total	154,608	25,967	19,027	259	199,864	(166)	199,697
Operating income	6,250	1,103	305	6	7,665	(0)	7,665
Total assets	175,041	25,866	23,797	1,358	226,064	18,912	244,976
Depreciation and amortization	11,994	696	432	18	13,141	–	13,141
Capital expenditure	15,353	611	249	13	16,228	–	16,228

## (2) Information by Region

For the Fiscal Year Ended March 31, 2013

## a. Net sales

(Millions of yen)

Japan	The Americas	Other	Total
112,306	31,022	23,237	166,566

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
46,817	11,396	34,948	3,717	96,880

For the Fiscal Year Ended March 31, 2014

## a. Net sales

(Millions of yen)

Japan	The Americas	Other	Total
119,278	39,624	40,794	199,697

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
45,694	13,239	47,169	5,149	111,253