

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2015**

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, 2014 | June 30, 2014 |
|---------------------------------------|----------------|---------------|
| ASSETS | | |
| Current assets: | | |
| Cash and deposits | 18,419 | 17,378 |
| Notes and accounts receivable | 48,096 | 47,647 |
| Marketable securities | 1,493 | 2,143 |
| Finished products and purchased goods | 15,840 | 16,473 |
| Work in process | 12,401 | 12,652 |
| Raw materials and supplies | 11,229 | 10,796 |
| Other current assets | 6,225 | 5,831 |
| Allowance for doubtful accounts | (79) | (67) |
| Total current assets | 113,626 | 112,857 |
| Fixed assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures (net) | 31,286 | 30,250 |
| Machinery and equipment (net) | 48,645 | 46,355 |
| Land | 23,224 | 23,210 |
| Construction in progress | 4,523 | 6,208 |
| Other fixed assets (net) | 3,572 | 3,379 |
| Total property, plant and equipment | 111,253 | 109,404 |
| Intangible fixed assets: | | |
| Other intangible fixed assets | 2,467 | 2,399 |
| Total intangible fixed assets | 2,467 | 2,399 |
| Investments and other assets: | | |
| Investment in securities | 11,858 | 12,618 |
| Other | 5,853 | 4,380 |
| Allowance for doubtful accounts | (83) | (84) |
| Total investments and other assets | 17,628 | 16,914 |
| Total fixed assets | 131,349 | 128,718 |
| Total assets | 244,976 | 241,575 |

| | (Millions of yen) | |
|---|-------------------|---------------|
| | March 31, 2014 | June 30, 2014 |
| LIABILITIES | | |
| Current liabilities: | | |
| Notes and accounts payable | 35,171 | 36,199 |
| Short-term borrowings | 37,277 | 36,113 |
| Current portion of long-term debt | 12,159 | 9,936 |
| Income taxes payable | 1,753 | 218 |
| Accrued bonuses | 1,569 | 528 |
| Accrued bonuses to directors | 42 | - |
| Other current liabilities | 11,654 | 14,894 |
| Total current liabilities | 99,627 | 97,890 |
| Long-term liabilities: | | |
| Long-term debt | 35,920 | 36,894 |
| Net defined benefit liability | 7,567 | 8,266 |
| Other long-term liabilities | 5,427 | 5,093 |
| Total long-term liabilities | 48,914 | 50,254 |
| Total liabilities: | 148,542 | 148,144 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Common stock | 18,472 | 18,472 |
| Capital surplus | 23,757 | 23,757 |
| Retained earnings | 46,661 | 44,830 |
| Treasury stock | (2,334) | (2,334) |
| Total shareholders' equity | 86,556 | 84,725 |
| Accumulated other comprehensive income : | | |
| Unrealized gain on available-for-sale securities | 4,160 | 4,643 |
| Deferred loss on derivatives under hedge accounting | (24) | (23) |
| Land revaluation reserve | 655 | 655 |
| Foreign currency translation adjustments | 763 | (995) |
| Remeasurements of defined benefit plans | (544) | (466) |
| Total accumulated other comprehensive income | 5,010 | 3,812 |
| Minority interests | 4,866 | 4,893 |
| Total net assets | 96,433 | 93,430 |
| Total liabilities and net assets | 244,976 | 241,575 |

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

(Millions of yen)

| | Three Months Ended June 30, 2013 | Three Months Ended June 30, 2014 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 43,689 | 52,164 |
| Cost of sales | 37,140 | 44,858 |
| Gross profit | 6,548 | 7,306 |
| Selling, general and administrative expenses | 5,341 | 5,869 |
| Operating income | 1,206 | 1,436 |
| Non-operating income | | |
| Interest income | 6 | 8 |
| Dividends income | 91 | 126 |
| Rent income | 84 | 124 |
| Exchange gain | 281 | - |
| Gain on sale of scrap | 40 | 81 |
| Miscellaneous income | 80 | 78 |
| Total non-operating income | 585 | 419 |
| Non-operating expenses | | |
| Interest expenses | 409 | 461 |
| Cash discounts | 51 | 58 |
| Exchange losses | - | 162 |
| Depreciation | 12 | 52 |
| Miscellaneous expenses | 93 | 81 |
| Total non-operating expenses | 567 | 815 |
| Ordinary income | 1,224 | 1,039 |
| Extraordinary income | | |
| Gain on sale of fixed assets | 2 | 1 |
| Gain on negative goodwill | - | 7 |
| Total extraordinary income | 2 | 9 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 14 | 17 |
| Total extraordinary losses | 14 | 17 |
| Income before income taxes and minority interests | 1,213 | 1,032 |
| Income taxes | 426 | 527 |
| Income before gain on minority interests | 786 | 504 |
| Gain on minority interests | 24 | 42 |
| Net income | 762 | 461 |

(2) Consolidated Statements of Comprehensive Income

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Three Months Ended June 30, 2013 | Three Months Ended June 30, 2014 |
| Income before gain on minority interests | 786 | 504 |
| Other comprehensive income | | |
| Unrealized gain on available-for-sale securities | 801 | 490 |
| Deferred loss on derivatives under hedge accounting | 28 | 0 |
| Foreign currency translation adjustments | 3,206 | (1,759) |
| Remeasurements of defined benefit plans | - | 78 |
| Share of other comprehensive income of associates accounted for using equity method | 2 | - |
| Total other comprehensive income | 4,040 | (1,190) |
| Comprehensive income | 4,826 | (685) |
| Comprehensive income attributable to: | | |
| Owners of the parent | 4,691 | (736) |
| Minority interests | 135 | 50 |

3. Consolidated Statements of Cash Flows

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Three Months Ended June 30, 2013 | Three Months Ended June 30, 2014 |
| Cash flows from operating activities: | | |
| Income before income taxes and minority interests | 1,213 | 1,032 |
| Depreciation and amortization | 2,771 | 3,316 |
| Increase (decrease) in allowance for doubtful accounts | 0 | (11) |
| Decrease in reserve for bonuses | (870) | (1,040) |
| Decrease in accrued severance indemnities | (272) | - |
| Increase in net defined benefit liability | - | 819 |
| Interest and dividends income | (98) | (134) |
| Interest expenses | 409 | 461 |
| Loss on sale or disposal of fixed assets | 11 | 15 |
| Decrease (increase) in notes and accounts receivable | (711) | 84 |
| Increase in inventories | (813) | (836) |
| Decrease in other current assets | 955 | 77 |
| Increase in notes and accounts payable | 1,692 | 1,155 |
| Other increases in current liabilities | 3,008 | 2,780 |
| Other | 48 | (1,089) |
| Subtotal | <u>7,345</u> | <u>6,629</u> |
| Interest and dividends received | 98 | 134 |
| Interest paid | (418) | (409) |
| Income taxes paid | (286) | (1,658) |
| Net cash provided by operating activities | <u>6,738</u> | <u>4,696</u> |
| Cash flows from investing activities: | | |
| Payment for purchases of property, plant and equipment | (6,575) | (2,924) |
| Proceeds from sale of property, plant and equipment | 11 | 9 |
| Payment for purchase of investment in securities | (4) | (9) |
| Payment for time deposits | (64) | (431) |
| Proceeds from repayment of time deposits | 124 | 124 |
| Other | (248) | (56) |
| Net cash used in investing activities | <u>(6,756)</u> | <u>(3,288)</u> |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term borrowings, net | 464 | (614) |
| Proceeds from long-term debt | 2,315 | 2,946 |
| Repayment of long-term debt | (3,127) | (3,657) |
| Acquisition of treasury stock | (0) | (0) |
| Cash dividends paid | (434) | (613) |
| Other | (34) | (19) |
| Net cash used in financing activities | <u>(816)</u> | <u>(1,959)</u> |
| Foreign currency translation adjustments on cash and cash equivalents | <u>338</u> | <u>(145)</u> |
| Net decrease in cash and cash equivalents | <u>(495)</u> | <u>(697)</u> |
| Cash and cash equivalents at beginning of year | <u>21,844</u> | <u>17,711</u> |
| Cash and cash equivalents at end of the period | <u>21,348</u> | <u>17,014</u> |

4. Segment Information

Industry Segment Information

For the Three Months Ended June 30, 2013

(Millions of yen)

| | Die Castings | Power Tools and Builders' Hardware | Printing Equipment | Total | Eliminations / Corporate | Consolidated |
|-------------------------|--------------|------------------------------------|--------------------|--------|--------------------------|--------------|
| Net sales: | | | | | | |
| Unaffiliated customers | 34,320 | 6,439 | 2,928 | 43,689 | – | 43,689 |
| Intersegment | 38 | 0 | – | 38 | (38) | – |
| Total | 34,359 | 6,440 | 2,928 | 43,728 | (38) | 43,689 |
| Operating income (loss) | 907 | 529 | (230) | 1,206 | – | 1,206 |

For the Three Months Ended June 30, 2014

(Millions of yen)

| | Die Castings | Power Tools and Builders' Hardware | Printing Equipment | Other | Total | Eliminations / Corporate | Consolidated |
|------------------------|--------------|------------------------------------|--------------------|-------|--------|--------------------------|--------------|
| Net Sales: | | | | | | | |
| Unaffiliated customers | 39,867 | 6,623 | 5,597 | 76 | 52,164 | – | 52,164 |
| Intersegment | 22 | 3 | – | 32 | 58 | (58) | – |
| Total | 39,890 | 6,626 | 5,597 | 109 | 52,223 | (58) | 52,164 |
| Operating income | 987 | 330 | 89 | 29 | 1,436 | 0 | 1,436 |