

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2010****1. Consolidated Balance Sheets**

	(Millions of yen)	
	September 30, 2009	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	12,574	13,767
Notes and accounts receivable	25,773	26,203
Marketable securities	10,116	1,516
Finished products and purchased goods	13,265	14,102
Work in process	7,785	8,252
Raw materials and supplies	6,153	6,864
Other current assets	2,868	4,994
Allowance for doubtful accounts	(42)	(46)
Total current assets	78,494	75,655
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	20,147	20,148
Machinery and equipment (net)	26,878	25,282
Land	21,679	21,643
Construction in progress	4,913	6,090
Other fixed assets (net)	5,008	5,513
Total property, plant and equipment	78,628	78,679
Intangible fixed assets:		
Other intangible fixed assets	1,166	1,187
Total intangible fixed assets	1,166	1,187
Investments and other assets:		
Investment in securities	8,005	6,993
Other	5,247	4,798
Allowance for doubtful accounts	(125)	(115)
Total investments and other assets	13,127	11,675
Total fixed assets	92,922	91,543
Total assets	171,417	167,198

	(Millions of yen)	
	September 30, 2009	March 31, 2009
LIABILITIES		
Current liabilities:		
Notes and accounts payable	20,586	20,166
Short-term borrowings	34,359	32,912
Current portion of long-term debt	7,384	6,559
Income taxes payable	367	170
Accrued bonuses	867	875
Other current liabilities	7,536	8,417
Total current liabilities	71,101	69,101
Long-term liabilities:		
Long-term debt	22,481	19,084
Accrued severance indemnities	6,901	6,617
Other long-term liabilities	4,155	4,388
Total long-term liabilities	33,539	30,090
Total liabilities:	104,641	99,192
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	33,745	36,608
Treasury stock	(2,354)	(2,354)
Total shareholders' equity	73,613	76,476
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	1,690	1,088
Deferred loss on derivatives under hedge accounting	(35)	(35)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(9,949)	(10,982)
Total valuation and translation adjustments	(7,668)	(9,303)
Minority interests		
Total net assets	66,776	68,006
Total liabilities and net assets	171,417	167,198

2. Consolidated Statements of Operations

	(Millions of yen)	
	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009
Net sales	103,941	56,092
Cost of sales	87,589	50,125
Gross profit	16,351	5,966
Selling, general and administrative expenses	12,271	9,280
Operating income (loss)	4,080	(3,313)
Non-operating income		
Interest income	32	79
Dividends income	103	57
Rent income	312	242
Exchange gain	78	160
Gain on sale of scrap	84	52
Miscellaneous income	388	202
Total non-operating income	1,000	794
Non-operating expenses		
Interest expenses	545	677
Cash discounts	85	80
Depreciation	218	158
Miscellaneous expenses	121	74
Total non-operating expenses	970	992
Ordinary income (loss)	4,110	(3,511)
Extraordinary income		
Gain on sale of fixed assets	37	12
Gain on sale of golf course membership	1	-
Reversal of allowance for doubtful accounts	4	-
Total extraordinary income	43	12
Extraordinary losses		
Loss on sale or disposal of fixed assets	116	70
Cumulative effect of lease accounting standards application	106	-
Total extraordinary losses	222	70
Income (loss) before income taxes and minority interests	3,931	(3,568)
Income taxes	1,552	(690)
Gain (loss) on minority interests	53	(15)
Net income (loss) for the period	2,325	(2,862)

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	3,931	(3,568)
Depreciation and amortization	7,189	5,749
Increase (decrease) in allowance for doubtful accounts	(4)	5
Decrease in reserve for bonuses	(89)	(8)
Increase in accrued severance indemnities	193	284
Interest and dividends income	(136)	(136)
Interest expenses	545	677
Loss on sale or disposal of fixed assets	79	57
Decrease in notes and accounts receivable	1,363	612
Decrease (increase) in inventories	(156)	2,215
Decrease (increase) in other current assets	79	(62)
Increase (decrease) in notes and accounts payable	(653)	273
Other increases (decreases) in current liabilities	(593)	640
Other	59	(69)
Subtotal	11,806	6,671
Interest and dividends received	139	139
Interest paid	(534)	(705)
Income taxes (paid) refund	(1,998)	2,140
Net cash provided by operating activities	9,412	8,246
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(9,407)	(5,486)
Proceeds from sale of property, plant and equipment	61	31
Payment for purchases of marketable securities	(690)	(40)
Proceeds from sale of marketable securities	690	40
Payment for purchase of investment in securities	(66)	(9)
Payment for time deposits	(559)	(1,349)
Proceeds from repayment of time deposits	777	2,367
Other	(95)	(185)
Net cash used in investing activities	(9,290)	(4,631)
Cash flows from financing activities:		
Increase in short-term borrowings, net	2,132	887
Proceeds from long-term debt	4,293	6,976
Repayment of long-term debt	(3,572)	(3,020)
Acquisition of treasury stock	(1)	(0)
Proceeds from sale of treasury stock	0	-
Cash dividends paid	(1,000)	-
Cash dividends paid to minority shareholders	(0)	-
Other	(228)	(189)
Net cash provided by financing activities	1,622	4,653
Foreign currency translation adjustments on cash and cash equivalents	(115)	156
Net increase in cash and cash equivalents	1,630	8,424
Cash and cash equivalents at beginning of year	10,138	12,084
Cash and cash equivalents at end of the period	11,768	20,509

4. Segment Information

(1) Industry Segment Information

For the Six Months Ended September 30, 2008

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	72,718	17,984	13,238	103,941	-	103,941
(2) Intersegment	84	-	0	84	(84)	-
Total	72,802	17,984	13,238	104,025	(84)	103,941
Operating Income	2,476	1,035	568	4,079	0	4,080

For the Six Months Ended September 30, 2009

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	36,266	8,569	11,256	56,092	-	56,092
(2) Intersegment	56	-	1	57	(57)	-
Total	36,322	8,569	11,257	56,149	(57)	56,092
Operating Income (Loss)	(3,311)	(782)	781	(3,312)	(0)	(3,313)

Notes:

- Industry segments are classified on the basis of organization.
- Main products of each industry segment:
 - Die Castings: die cast product and aluminum cast
 - Printing Equipment: offset printing presses, peripherals, etc.
 - Power Tools and Builders' Hardware: power tools, lawn and garden equipment, door closers, hinges and architectural hardware

(2) Geographical Segment Information

For the Six Months Ended September 30, 2008

(Millions of yen)

	Japan	The Americas	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	87,360	12,212	4,368	103,941	–	103,941
(2) Intersegment	1,707	–	3,607	5,315	(5,315)	–
Total	89,068	12,212	7,975	109,256	(5,315)	103,941
Operating Income	3,624	402	130	4,157	(77)	4,080

For the Six Months Ended September 30, 2009

(Millions of yen)

	Japan	The Americas	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	48,500	5,873	1,718	56,092	–	56,092
(2) Intersegment	523	–	2,832	3,356	(3,356)	–
Total	49,024	5,873	4,551	59,448	(3,356)	56,092
Operating Loss	(2,803)	(344)	(119)	(3,268)	(45)	(3,313)

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:
 - (1) The Americas: United States, Mexico
 - (2) Other: United Kingdom, China

(3) Overseas Sales

For the Six Months Ended September 30, 2008

(Millions of yen)

	The Americas	Europe	Other	Total
Overseas Sales	15,751	10,600	4,986	31,339
Consolidated Net Sales				103,941
Ratio of Overseas Sales to Consolidated Net Sales (%)	15.2	10.2	4.8	30.2

For the Six Months Ended September 30, 2009

(Millions of yen)

	The Americas	Europe	Other	Total
Overseas Sales	7,476	2,066	3,773	13,316
Consolidated Net Sales				56,092
Ratio of Overseas Sales to Consolidated Net Sales (%)	13.3	3.7	6.7	23.7

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:
 - (1) The Americas: United States, Mexico, other
 - (2) Europe: United Kingdom, Germany, other
 - (3) Other: China, Australia, other
3. Overseas sales represent total sales outside Japan of the parent company and its consolidated subsidiaries (excluding intra-group sales).