

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

	(Millions of yen)	
	March 31, 2009	March 31, 2010
ASSETS		
Current assets:		
Cash and deposits	13,767	15,154
Notes and accounts receivable	26,203	31,244
Marketable securities	1,516	10,362
Finished products and purchased goods	14,102	12,569
Work in process	8,252	8,120
Raw materials and supplies	6,864	5,815
Deferred tax assets	424	1,320
Other current assets	4,569	2,499
Allowance for doubtful accounts	(46)	(40)
Total current assets	75,655	87,047
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	20,148	19,148
Machinery and equipment (net)	25,282	24,023
Land	21,643	21,667
Leased assets (net)	1,266	896
Construction in progress	6,090	5,101
Other fixed assets (net)	4,247	3,000
Total property, plant and equipment	78,679	73,837
Intangible fixed assets:		
Other intangible fixed assets	1,187	1,077
Total intangible fixed assets	1,187	1,077
Investments and other assets:		
Investment in securities	6,993	8,804
Deferred tax assets	2,756	1,274
Other	2,041	1,992
Allowance for doubtful accounts	(115)	(117)
Total investments and other assets	11,675	11,953
Total fixed assets	91,543	86,868
Total assets	167,198	173,916

	(Millions of yen)	
	March 31, 2009	March 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable	20,166	25,475
Short-term borrowings	32,912	31,509
Current portion of long-term debt	6,559	13,364
Lease obligations	393	402
Income taxes payable	170	342
Accrued bonuses	875	850
Other current liabilities	8,023	6,855
Total current liabilities	69,101	78,801
Long-term liabilities:		
Long-term debt	19,084	16,364
Lease obligations	970	566
Deferred tax liabilities	384	330
Deferred tax liabilities for revaluation	674	674
Accrued severance indemnities	6,617	6,988
Liabilities from application of equity method	421	412
Other long-term liabilities	1,938	1,781
Total long-term liabilities	30,090	27,118
Total liabilities:	99,192	105,920
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	36,608	35,007
Treasury stock	(2,354)	(2,354)
Total shareholders' equity	76,476	74,874
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	1,088	2,157
Deferred loss on derivatives under hedge accounting	(35)	(32)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(10,982)	(10,517)
Total valuation and translation adjustments	(9,303)	(7,766)
Minority interests		
Total net assets	68,006	67,995
Total liabilities and net assets	167,198	173,916

2. Consolidated Statements of Operations

	(Millions of yen)	
	Fiscal Year 2009 Ended March 31, 2009	Fiscal Year 2010 Ended March 31, 2010
Net sales	176,340	125,940
Cost of sales	152,358	108,081
Gross profit	23,981	17,859
Selling, general and administrative expenses	22,176	18,784
Operating income (loss)	1,804	(925)
Non-operating income		
Interest income	53	97
Dividends income	170	93
Rent income	567	488
Exchange gain	-	328
Gain on sale of scrap	125	109
Miscellaneous income	1,087	433
Total non-operating income	2,004	1,552
Non-operating expenses		
Interest expenses	1,159	1,285
Cash discounts	159	151
Loss on abandonment of inventories	30	48
Depreciation	450	332
Exchange losses	283	-
Miscellaneous expenses	155	121
Total non-operating expenses	2,239	1,939
Ordinary income (loss)	1,570	(1,312)
Extraordinary income		
Gain on sale of fixed assets	46	13
Other	1	-
Total extraordinary income	48	13
Extraordinary losses		
Loss on sale or disposal of fixed assets	221	139
Loss on devaluation of investment in securities	317	3
Impairment loss	85	-
Cumulative effect of lease accounting standards application	106	-
Total extraordinary losses	731	143
Income (loss) before income taxes and minority interests	887	(1,442)
Income taxes		
Current	414	475
Deferred	313	(354)
Total income taxes	727	120
Gain on minority interests	0	38
Net income (loss)	160	(1,601)

3. Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	Fiscal Year 2009 Ended March 31, 2009	Fiscal Year 2010 Ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at beginning of year	18,472	18,472
Changes of items during the year		
Total changes of items during the year	-	-
Balance at end of year	18,472	18,472
Capital surplus		
Balance at beginning of year	23,750	23,750
Changes of items during the year		
Disposal of treasury stock	(0)	-
Total changes of items during the year	(0)	-
Balance at end of year	23,750	23,750
Retained earnings		
Balance at beginning of year	39,234	36,608
Effect of changes in accounting policies applied to foreign subsidiaries	(785)	-
Changes of items during the year		
Dividends from surplus	(2,001)	-
Net income (loss)	160	(1,601)
Total changes of items during the year	(1,840)	(1,601)
Balance at end of year	36,608	35,007
Treasury stock		
Balance at beginning of year	(1,425)	(2,354)
Changes of items during the year		
Acquisition of treasury stock	(929)	(0)
Disposal of treasury stock	0	-
Total changes of items during the year	(929)	(0)
Balance at end of year	(2,354)	(2,354)
Total shareholders' equity		
Balance at beginning of year	80,031	76,476
Effect of changes in accounting policies applied to foreign subsidiaries	(785)	-
Changes of items during the year		
Dividends from surplus	(2,001)	-
Net income (loss)	160	(1,601)
Acquisition of treasury stock	(929)	(0)
Disposal of treasury stock	0	-
Total changes of items during the year	(2,770)	(1,601)
Balance at end of year	76,476	74,874

	(Millions of yen)	
	Fiscal Year 2009 Ended March 31, 2009	Fiscal Year 2010 Ended March 31, 2010
Valuation and translation adjustments		
Unrealized gain on available-for-sale securities		
Balance at beginning of year	3,094	1,088
Changes of items during the year		
Net changes of items other than shareholders' equity	(2,005)	1,068
Total changes of items during the year	(2,005)	1,068
Balance at end of year	1,088	2,157
Deferred gains or losses on derivatives under hedge accounting		
Balance at beginning of year	(40)	(35)
Changes of items during the year		
Net changes of items other than shareholders' equity	4	3
Total changes of items during the year	4	3
Balance at end of year	(35)	(32)
Land revaluation reserve		
Balance at beginning of year	626	626
Changes of items during the year		
Net changes of items other than shareholders' equity	-	-
Total changes of items during the year	-	-
Balance at end of year	626	626
Foreign currency translation adjustments		
Balance at beginning of year	(6,867)	(10,982)
Changes of items during the year		
Net changes of items other than shareholders' equity	(4,114)	464
Total changes of items during the year	(4,114)	464
Balance at end of year	(10,982)	(10,517)
Total valuation and translation adjustments		
Balance at beginning of year	(3,187)	(9,303)
Changes of items during the year		
Net changes of items other than shareholders' equity	(6,116)	1,536
Total changes of items during the year	(6,116)	1,536
Balance at end of year	(9,303)	(7,766)
Minority interests		
Balance at beginning of year	874	833
Changes of items during the year		
Net changes of items other than shareholders' equity	(40)	54
Total changes of items during the year	(40)	54
Balance at end of year	833	887

	(Millions of yen)	
	Fiscal Year 2009 Ended March 31, 2009	Fiscal Year 2010 Ended March 31, 2010
Total net assets		
Balance at beginning of year	77,718	68,006
Effect of changes in accounting policies applied to foreign subsidiaries	(785)	-
Changes of items during the year		
Dividends from surplus	(2,001)	-
Net income (loss)	160	(1,601)
Acquisition of treasury stock	(929)	(0)
Disposal of treasury stock	0	-
Net changes of items other than shareholders' equity	(6,156)	1,591
Total changes of items during the year	(8,926)	(10)
Balance at end of year	68,006	67,995

4. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal Year 2009 Ended March 31, 2009	Fiscal Year 2010 Ended March 31, 2010
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	887	(1,442)
Depreciation and amortization	15,358	12,429
Impairment loss	85	-
Increase (decrease) in allowance for doubtful accounts	57	(3)
Decrease in reserve for bonuses	(1,316)	(24)
Increase in accrued severance indemnities	296	371
Interest and dividends income	(224)	(191)
Interest expenses	1,159	1,285
Loss on devaluation of investment in securities	317	3
Loss on sale or disposal of fixed assets	174	126
Decrease (increase) in notes and accounts receivable	16,228	(4,983)
Decrease in inventories	5,841	2,774
Decrease (increase) in other current assets	498	(184)
Increase (decrease) in notes and accounts payable	(22,419)	5,234
Other increases (decreases) in current liabilities	(3,355)	296
Other	(40)	(166)
Subtotal	<u>13,550</u>	<u>15,524</u>
Interest and dividends received	227	190
Interest paid	(1,100)	(1,323)
Income taxes (paid) refund	(4,553)	1,917
Net cash provided by operating activities	<u>8,122</u>	<u>16,308</u>
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(17,132)	(8,169)
Proceeds from sale of property, plant and equipment	121	32
Payment for purchases of marketable securities	(1,340)	(1,840)
Proceeds from sale of marketable securities	1,340	1,840
Payment for purchase of investment in securities	(105)	(52)
Payment for time deposits	(2,485)	(2,715)
Proceeds from repayment of time deposits	1,685	3,719
Other	(171)	(116)
Net cash used in investing activities	<u>(18,088)</u>	<u>(7,301)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	13,110	(1,471)
Proceeds from long-term debt	8,850	10,558
Repayment of long-term debt	(5,956)	(6,538)
Acquisition of treasury stock	(929)	(0)
Proceeds from sale of treasury stock	0	-
Cash dividends paid	(2,001)	-
Cash dividends paid to minority shareholders	(0)	-
Other	(451)	(401)
Net cash provided by financing activities	<u>12,622</u>	<u>2,146</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>(711)</u>	<u>81</u>
Net increase in cash and cash equivalents	<u>1,945</u>	<u>11,235</u>
Cash and cash equivalents at beginning of year	<u>10,138</u>	<u>12,084</u>
Cash and cash equivalents at end of year	<u>12,084</u>	<u>23,319</u>

5. Segment Information

(1) Industry Segment Information

For the Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	122,774	29,436	24,129	176,340	-	176,340
(2) Intersegment	144	-	0	145	(145)	-
Total	122,918	29,436	24,130	176,485	(145)	176,340
Operating Costs and Expenses	122,460	28,880	23,334	174,675	(139)	174,535
Operating Income	458	555	796	1,810	(5)	1,804
Total Assets	96,095	27,840	23,562	147,498	19,700	167,198
Depreciation and Amortization	13,559	978	820	15,358	-	15,358
Impairment Loss	85	-	-	85	-	85
Capital Expenditure	14,613	316	657	15,587	-	15,587

For the Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	86,139	18,101	21,699	125,940	-	125,940
(2) Intersegment	124	-	2	126	(126)	-
Total	86,263	18,101	21,701	126,066	(126)	125,940
Operating Costs and Expenses	87,078	19,492	20,419	126,991	(126)	126,865
Operating Income (Loss)	(815)	(1,391)	1,281	(925)	0	(925)
Total Assets	97,227	24,908	22,961	145,097	28,818	173,916
Depreciation and Amortization	10,860	819	748	12,429	-	12,429
Capital Expenditure	6,425	120	512	7,058	-	7,058

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 Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Millions of yen)

	Japan	The Americas	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	147,866	21,277	7,195	176,340	–	176,340
(2) Intersegment	3,311	–	7,096	10,407	(10,407)	–
Total	151,178	21,277	14,292	186,748	(10,407)	176,340
Operating Costs and Expenses	148,202	21,662	14,952	184,816	(10,281)	174,535
Operating Income (Loss)	2,975	(384)	(659)	1,931	(126)	1,804
Total Assets	119,966	17,916	15,372	153,255	13,943	167,198

For the Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

	Japan	The Americas	Other	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	106,841	14,749	4,348	125,940	–	125,940
(2) Intersegment	1,799	–	5,932	7,732	(7,732)	–
Total	108,641	14,749	10,281	133,672	(7,732)	125,940
Operating Costs and Expenses	109,451	14,795	10,306	134,554	(7,688)	126,865
Operating Loss	(809)	(45)	(25)	(881)	(43)	(925)
Total Assets	115,039	17,294	19,001	151,334	22,581	173,916

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 Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Millions of yen)

	The Americas	Europe	Other	Total
Overseas Sales	27,362	15,597	8,628	51,587
Consolidated Net Sales				176,340
Ratio of Overseas Sales to Consolidated Net Sales (%)	15.5	8.9	4.9	29.3

For the Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

	The Americas	Europe	Other	Total
Overseas Sales	17,644	5,352	8,671	31,668
Consolidated Net Sales				125,940
Ratio of Overseas Sales to Consolidated Net Sales (%)	14.0	4.2	6.9	25.1

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).