

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2011****1. Consolidated Balance Sheets**

	(Millions of yen)	
	June 30, 2010	March 31, 2010
ASSETS		
Current assets:		
Cash and deposits	11,622	15,154
Notes and accounts receivable	34,514	31,244
Marketable securities	9,860	10,362
Finished products and purchased goods	12,692	12,569
Work in process	8,932	8,120
Raw materials and supplies	6,163	5,815
Other current assets	3,826	3,820
Allowance for doubtful accounts	(31)	(40)
Total current assets	87,580	87,047
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	18,852	19,148
Machinery and equipment (net)	24,037	24,023
Land	21,665	21,667
Construction in progress	3,940	5,101
Other fixed assets (net)	4,013	3,897
Total property, plant and equipment	72,510	73,837
Intangible fixed assets:		
Other intangible fixed assets	1,011	1,077
Total intangible fixed assets	1,011	1,077
Investments and other assets:		
Investment in securities	7,630	8,804
Other	4,412	3,266
Allowance for doubtful accounts	(111)	(117)
Total investments and other assets	11,931	11,953
Total fixed assets	85,453	86,868
Total assets	173,033	173,916

	(Millions of yen)	
	June 30, 2010	March 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable	28,836	25,475
Short-term borrowings	24,180	31,509
Current portion of long-term debt	13,182	13,364
Income taxes payable	242	342
Accrued bonuses	443	850
Other current liabilities	9,337	7,258
Total current liabilities	76,223	78,801
Long-term liabilities:		
Long-term debt	17,868	16,364
Accrued severance indemnities	6,811	6,988
Other long-term liabilities	3,723	3,765
Total long-term liabilities	28,403	27,118
Total liabilities:	104,626	105,920
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	36,210	35,007
Treasury stock	(2,355)	(2,354)
Total shareholders' equity	76,077	74,874
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	1,433	2,157
Deferred loss on derivatives under hedge accounting	(29)	(32)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(10,572)	(10,517)
Total valuation and translation adjustments	(8,542)	(7,766)
Minority interests		
Total net assets	68,407	67,995
Total liabilities and net assets	173,033	173,916

2. Consolidated Statements of Operations

	(Millions of yen)	
	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Net sales	25,172	37,898
Cost of sales	23,539	30,973
Gross profit	1,633	6,925
Selling, general and administrative expenses	4,574	4,971
Operating income (loss)	(2,941)	1,953
Non-operating income		
Interest income	9	6
Dividends income	55	67
Rent income	116	122
Exchange gain	194	-
Gain on sale of scrap	35	32
Miscellaneous income	60	125
Total non-operating income	470	353
Non-operating expenses		
Interest expenses	338	282
Cash discounts	37	41
Exchange losses	-	67
Depreciation	81	57
Miscellaneous expenses	35	103
Total non-operating expenses	492	551
Ordinary income (loss)	(2,962)	1,756
Extraordinary income		
Gain on sale of fixed assets	12	0
Reversal of allowance for doubtful accounts	-	9
Gain on negative goodwill	-	6
Other	0	-
Total extraordinary income	13	17
Extraordinary losses		
Loss on disposal of fixed assets	11	19
Loss on devaluation of investment in securities	-	2
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	29
Total extraordinary losses	11	51
Income (loss) before income taxes and minority interests	(2,961)	1,721
Income taxes	(609)	513
Income before gain on minority interests	-	1,207
Gain (loss) on minority interests	(30)	4
Net income (loss)	(2,322)	1,203

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(2,961)	1,721
Depreciation and amortization	2,725	2,433
Decrease in allowance for doubtful accounts	(5)	(15)
Decrease in reserve for bonuses	(582)	(407)
Increase (decrease) in accrued severance indemnities	47	(176)
Interest and dividends income	(64)	(73)
Interest expenses	338	282
Loss (gain) on sale or disposal of fixed assets	(0)	19
Decrease (increase) in notes and accounts receivable	2,523	(3,246)
Decrease (increase) in inventories	1,094	(1,268)
Increase in other current assets	(432)	(22)
Increase (decrease) in notes and accounts payable	(3,128)	3,341
Other increases in current liabilities	1,871	1,643
Other	(113)	128
Subtotal	1,310	4,360
Interest and dividends received	67	77
Interest paid	(364)	(278)
Income taxes paid	(98)	(254)
Net cash provided by operating activities	914	3,904
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(3,788)	(1,600)
Proceeds from sale of property, plant and equipment	1	32
Payment for purchase of investment in securities	(4)	(4)
Payment for time deposits	(50)	(84)
Proceeds from repayment of time deposits	1,532	115
Other	(120)	8
Net cash used in investing activities	(2,429)	(1,532)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	2,194	(7,503)
Proceeds from long-term debt	6,000	4,327
Repayment of long-term debt	(2,007)	(3,095)
Acquisition of treasury stock	(0)	(0)
Other	(95)	(117)
Net cash provided by (used in) financing activities	6,091	(6,388)
Foreign currency translation adjustments on cash and cash equivalents	123	13
Net increase (decrease) in cash and cash equivalents	4,700	(4,003)
Cash and cash equivalents at beginning of year	12,084	23,319
Cash and cash equivalents at end of the period	16,784	19,316

4. Segment Information

Industry Segment Information

For the Three Months Ended June 30, 2009

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	15,992	3,609	5,569	25,172	-	25,172
(2) Intersegment	21	-	0	22	(22)	-
Total	16,014	3,609	5,570	25,195	(22)	25,172
Operating Income (Loss)	(2,961)	(283)	303	(2,941)	(0)	(2,941)

For the Three Months Ended June 30, 2010

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	27,886	4,231	5,780	37,898	-	37,898
(2) Intersegment	36	-	0	37	(37)	-
Total	27,922	4,231	5,781	37,935	(37)	37,898
Operating Income (Loss)	1,909	(473)	517	1,953	0	1,953

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