

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

	(Millions of yen)	
	September 30, 2010	March 31, 2010
ASSETS		
Current assets:		
Cash and deposits	13,386	15,154
Notes and accounts receivable	36,413	31,244
Marketable securities	11,659	10,362
Finished products and purchased goods	12,074	12,569
Work in process	8,527	8,120
Raw materials and supplies	5,937	5,815
Other current assets	3,625	3,820
Allowance for doubtful accounts	(33)	(40)
Total current assets	91,592	87,047
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	18,264	19,148
Machinery and equipment (net)	23,135	24,023
Land	21,644	21,667
Construction in progress	3,718	5,101
Other fixed assets (net)	3,774	3,897
Total property, plant and equipment	70,536	73,837
Intangible fixed assets:		
Other intangible fixed assets	962	1,077
Total intangible fixed assets	962	1,077
Investments and other assets:		
Investment in securities	7,624	8,804
Other	4,391	3,266
Allowance for doubtful accounts	(112)	(117)
Total investments and other assets	11,903	11,953
Total fixed assets	83,402	86,868
Total assets	174,994	173,916

	(Millions of yen)	
	September 30, 2010	March 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable	29,791	25,475
Short-term borrowings	23,052	31,509
Current portion of long-term debt	15,659	13,364
Income taxes payable	714	342
Accrued bonuses	1,358	850
Other current liabilities	8,266	7,258
Total current liabilities	78,842	78,801
Long-term liabilities:		
Long-term debt	16,208	16,364
Accrued severance indemnities	6,845	6,988
Other long-term liabilities	3,599	3,765
Total long-term liabilities	26,653	27,118
Total liabilities:	105,496	105,920
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	37,637	35,007
Treasury stock	(2,355)	(2,354)
Total shareholders' equity	77,504	74,874
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	1,532	2,157
Deferred loss on derivatives under hedge accounting	(32)	(32)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(11,074)	(10,517)
Total valuation and translation adjustments	(8,948)	(7,766)
Minority interests		
Total net assets	69,498	67,995
Total liabilities and net assets	174,994	173,916

2. Consolidated Statements of Operations

	(Millions of yen)	
	Six Months Ended September 30, 2009	Six Months Ended September 30, 2010
Net sales	56,092	80,340
Cost of sales	50,125	65,607
Gross profit	5,966	14,732
Selling, general and administrative expenses	9,280	10,189
Operating income (loss)	(3,313)	4,543
Non-operating income		
Interest income	79	14
Dividends income	57	69
Rent income	242	243
Exchange gain	160	-
Gain on sale of scrap	52	68
Miscellaneous income	202	317
Total non-operating income	794	713
Non-operating expenses		
Interest expenses	677	560
Cash discounts	80	93
Exchange losses	-	157
Depreciation	158	115
Miscellaneous expenses	74	159
Total non-operating expenses	992	1,085
Ordinary income (loss)	(3,511)	4,170
Extraordinary income		
Gain on sale of fixed assets	12	186
Reversal of allowance for doubtful accounts	-	9
Gain on negative goodwill	-	9
Total extraordinary income	12	205
Extraordinary losses		
Loss on disposal of fixed assets	70	99
Loss on devaluation of investment in securities	-	198
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	29
Total extraordinary losses	70	327
Income (loss) before income taxes and minority interests	(3,568)	4,048
Income taxes	(690)	1,352
Income before gain on minority interests	-	2,696
Gain (loss) on minority interests	(15)	66
Net income (loss)	(2,862)	2,630

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six Months Ended September 30, 2009	Six Months Ended September 30, 2010
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(3,568)	4,048
Depreciation and amortization	5,749	5,180
Increase (decrease) in allowance for doubtful accounts	5	(11)
Increase (decrease) in reserve for bonuses	(8)	507
Increase (decrease) in accrued severance indemnities	284	(142)
Interest and dividends income	(136)	(83)
Interest expenses	677	560
Loss (gain) on sale or disposal of fixed assets	57	(87)
Decrease (increase) in notes and accounts receivable	612	(5,375)
Decrease (increase) in inventories	2,215	(167)
Increase in other current assets	(62)	(157)
Increase in notes and accounts payable	273	4,472
Other increases in current liabilities	640	935
Other	(69)	380
Subtotal	6,671	10,058
Interest and dividends received	139	87
Interest paid	(705)	(550)
Income taxes (paid) refund	2,140	(342)
Net cash provided by operating activities	8,246	9,253
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(5,486)	(3,524)
Proceeds from sale of property, plant and equipment	31	287
Payment for purchases of marketable securities	(40)	(690)
Proceeds from sale of marketable securities	40	690
Payment for purchase of investment in securities	(9)	(9)
Payment for time deposits	(1,349)	(1,389)
Proceeds from repayment of time deposits	2,367	1,390
Other	(185)	(235)
Net cash used in investing activities	(4,631)	(3,480)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	887	(8,389)
Proceeds from long-term debt	6,976	6,186
Repayment of long-term debt	(3,020)	(3,763)
Acquisition of treasury stock	(0)	(0)
Other	(189)	(204)
Net cash provided by (used in) financing activities	4,653	(6,171)
Foreign currency translation adjustments on cash and cash equivalents	156	(70)
Net increase (decrease) in cash and cash equivalents	8,424	(468)
Cash and cash equivalents at beginning of year	12,084	23,319
Cash and cash equivalents at end of the period	20,509	22,851

4. Segment Information

Industry Segment Information

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)

For the Six Months Ended September 30, 2010

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	58,284	9,957	12,098	80,340	-	80,340
(2) Intersegment	63	-	1	64	(64)	-
Total	58,347	9,957	12,099	80,405	(64)	80,340
Operating Income (Loss)	3,931	(547)	1,159	4,543	0	4,543

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