

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

	(Millions of yen)	
	December 31, 2010	March 31, 2010
ASSETS		
Current assets:		
Cash and deposits	15,412	15,154
Notes and accounts receivable	36,989	31,244
Marketable securities	12,956	10,362
Finished products and purchased goods	12,256	12,569
Work in process	8,397	8,120
Raw materials and supplies	6,258	5,815
Other current assets	3,940	3,820
Allowance for doubtful accounts	(34)	(40)
Total current assets	96,177	87,047
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	17,812	19,148
Machinery and equipment (net)	21,775	24,023
Land	21,635	21,667
Construction in progress	4,122	5,101
Other fixed assets (net)	3,705	3,897
Total property, plant and equipment	69,051	73,837
Intangible fixed assets:		
Other intangible fixed assets	948	1,077
Total intangible fixed assets	948	1,077
Investments and other assets:		
Investment in securities	8,351	8,804
Other	4,084	3,266
Allowance for doubtful accounts	(100)	(117)
Total investments and other assets	12,334	11,953
Total fixed assets	82,335	86,868
Total assets	178,512	173,916

	(Millions of yen)	
	December 31, 2010	March 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable	32,532	25,475
Short-term borrowings	22,430	31,509
Current portion of long-term debt	14,659	13,364
Income taxes payable	1,352	342
Accrued bonuses	553	850
Other current liabilities	9,790	7,258
Total current liabilities	81,318	78,801
Long-term liabilities:		
Long-term debt	16,407	16,364
Accrued severance indemnities	6,661	6,988
Other long-term liabilities	3,450	3,765
Total long-term liabilities	26,519	27,118
Total liabilities:	107,838	105,920
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	38,668	35,007
Treasury stock	(2,358)	(2,354)
Total shareholders' equity	78,533	74,874
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	1,939	2,157
Deferred loss on derivatives under hedge accounting	(22)	(32)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(11,393)	(10,517)
Total valuation and translation adjustments	(8,849)	(7,766)
Minority interests		
Total net assets	70,673	67,995
Total liabilities and net assets	178,512	173,916

2. Consolidated Statements of Operations

	(Millions of yen)	
	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Net sales	89,350	119,989
Cost of sales	77,862	98,001
Gross profit	11,488	21,987
Selling, general and administrative expenses	13,985	15,449
Operating income (loss)	(2,497)	6,537
Non-operating income		
Interest income	86	22
Dividends income	92	119
Rent income	368	356
Exchange gain	147	-
Gain on sale of scrap	77	107
Miscellaneous income	266	361
Total non-operating income	1,039	967
Non-operating expenses		
Interest expenses	997	830
Cash discounts	118	137
Exchange losses	-	270
Depreciation	247	160
Miscellaneous expenses	113	185
Total non-operating expenses	1,476	1,583
Ordinary income (loss)	(2,934)	5,921
Extraordinary income		
Gain on sale of fixed assets	12	186
Reversal of allowance for doubtful accounts	-	5
Gain on negative goodwill	-	9
Total extraordinary income	12	202
Extraordinary losses		
Loss on disposal of fixed assets	89	119
Loss on devaluation of investment in securities	114	169
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	29
Total extraordinary losses	203	318
Income (loss) before income taxes and minority interests	(3,125)	5,805
Income taxes	(539)	2,041
Income before gain on minority interests	-	3,764
Gain on minority interests	2	102
Net income (loss)	(2,588)	3,661

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(3,125)	5,805
Depreciation and amortization	8,879	8,108
Increase (decrease) in allowance for doubtful accounts	1	(22)
Decrease in reserve for bonuses	(581)	(297)
Increase (decrease) in accrued severance indemnities	112	(326)
Interest and dividends income	(179)	(141)
Interest expenses	997	830
Loss on devaluation of investment in securities	114	169
Loss (gain) on sale or disposal of fixed assets	76	(67)
Increase in notes and accounts receivable	(3,086)	(6,144)
Decrease (increase) in inventories	2,245	(666)
Increase in other current assets	(183)	(417)
Increase in notes and accounts payable	5,298	7,326
Other increases in current liabilities	1,099	2,263
Other	(82)	261
Subtotal	<u>11,586</u>	<u>16,679</u>
Interest and dividends received	182	145
Interest paid	(1,022)	(806)
Income taxes (paid) refund	1,880	(634)
Net cash provided by operating activities	<u>12,626</u>	<u>15,383</u>
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(6,813)	(5,631)
Proceeds from sale of property, plant and equipment	10	384
Payment for purchases of marketable securities	(40)	(3,187)
Proceeds from sale of marketable securities	40	690
Payment for purchase of investment in securities	(17)	(15)
Payment for time deposits	(1,398)	(1,444)
Proceeds from repayment of time deposits	2,422	1,445
Other	(257)	(252)
Net cash used in investing activities	<u>(6,053)</u>	<u>(8,010)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	1,388	(8,494)
Proceeds from long-term debt	8,274	7,209
Repayment of long-term debt	(5,428)	(5,316)
Acquisition of treasury stock	(0)	(3)
Other	(294)	(301)
Net cash provided by (used in) financing activities	<u>3,939</u>	<u>(6,906)</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>80</u>	<u>(110)</u>
Net increase in cash and cash equivalents	<u>10,593</u>	<u>356</u>
Cash and cash equivalents at beginning of year	<u>12,084</u>	<u>23,319</u>
Cash and cash equivalents at end of the period	<u>22,677</u>	<u>23,676</u>

4. Segment Information

Industry Segment Information

For the Nine Months Ended December 31, 2009

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	59,885	12,890	16,574	89,350	-	89,350
(2) Intersegment	91	-	1	92	(92)	-
Total	59,976	12,890	16,576	89,443	(92)	89,350
Operating Income (Loss)	(2,455)	(1,157)	1,115	(2,496)	(0)	(2,497)

For the Nine Months Ended December 31, 2010

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	87,506	14,217	18,264	119,989	-	119,989
(2) Intersegment	97	-	1	99	(99)	-
Total	87,603	14,217	18,266	120,088	(99)	119,989
Operating Income (Loss)	5,544	(693)	1,686	6,537	0	6,537

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