

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2012****1. Consolidated Balance Sheets**

	(Millions of yen)	
	March 31, 2011	June 30, 2011
ASSETS		
Current assets:		
Cash and deposits	14,548	13,716
Notes and accounts receivable	34,232	34,892
Marketable securities	9,012	6,413
Finished products and purchased goods	12,106	11,669
Work in process	8,921	10,136
Raw materials and supplies	6,114	6,162
Other current assets	4,712	4,921
Allowance for doubtful accounts	(37)	(49)
Total current assets	89,610	87,864
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	18,474	18,454
Machinery and equipment (net)	21,190	22,784
Land	21,628	21,646
Construction in progress	3,330	5,281
Other fixed assets (net)	3,300	3,402
Total property, plant and equipment	67,923	71,569
Intangible fixed assets:		
Other intangible fixed assets	992	967
Total intangible fixed assets	992	967
Investments and other assets:		
Investment in securities	8,358	8,207
Other	3,768	3,941
Allowance for doubtful accounts	(76)	(122)
Total investments and other assets	12,050	12,027
Total fixed assets	80,966	84,564
Total assets	170,577	172,428

	(Millions of yen)	
	March 31, 2011	June 30, 2011
LIABILITIES		
Current liabilities:		
Notes and accounts payable	28,357	27,922
Short-term borrowings	25,404	25,432
Current portion of long-term debt	10,118	9,027
Income taxes payable	2,165	490
Accrued bonuses	1,613	554
Accrued bonuses to directors	20	-
Other current liabilities	8,800	13,163
Total current liabilities	76,480	76,591
Long-term liabilities:		
Long-term debt	12,878	14,543
Accrued severance indemnities	6,633	6,442
Other long-term liabilities	3,367	3,299
Total long-term liabilities	22,879	24,285
Total liabilities:	99,360	100,876
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	39,601	39,618
Treasury stock	(2,360)	(2,360)
Total shareholders' equity	79,463	79,480
Accumulated other comprehensive loss:		
Unrealized gain on available-for-sale securities	1,871	1,859
Deferred loss on derivatives under hedge accounting	(32)	(24)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(11,700)	(11,340)
Total accumulated other comprehensive loss	(9,235)	(8,879)
Minority interests		
Total net assets	71,217	71,551
Total liabilities and net assets	170,577	172,428

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(1) Consolidated Statements of Income

(Millions of yen)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Net sales	37,898	38,869
Cost of sales	30,973	32,085
Gross profit	6,925	6,783
Selling, general and administrative expenses	4,971	5,126
Operating income	1,953	1,657
Non-operating income		
Interest income	6	5
Dividends income	67	84
Rent income	122	101
Exchange gain	-	15
Gain on sale of scrap	32	34
Miscellaneous income	125	83
Total non-operating income	353	324
Non-operating expenses		
Interest expenses	282	237
Cash discounts	41	45
Exchange losses	67	-
Depreciation	57	28
Miscellaneous expenses	103	74
Total non-operating expenses	551	386
Ordinary income	1,756	1,595
Extraordinary income		
Gain on sale of fixed assets	0	2
Reversal of allowance for doubtful accounts	9	-
Gain on negative goodwill	6	-
Total extraordinary income	17	2
Extraordinary losses		
Loss on disposal of fixed assets	19	14
Loss on devaluation of investment in securities	2	158
Loss on adjustment for changes of accounting standard for asset retirement obligations	29	-
Total extraordinary losses	51	172
Income before income taxes and minority interests	1,721	1,425
Income taxes	513	478
Income before gain on minority interests	1,207	946
Gain (loss) on minority interests	4	(40)
Net income	1,203	987

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Income before gain on minority interests	1,207	946
Other comprehensive income		
Unrealized gain on available-for-sale securities	(735)	2
Deferred loss on derivatives under hedge accounting	2	8
Foreign currency translation adjustments	(55)	359
Share of other comprehensive loss of associates accounted for using equity method	(1)	(0)
Total other comprehensive income	(789)	369
Comprehensive income	418	1,316
Comprehensive income attributable to:		
Owners of the parent	427	1,343
Minority interests	(9)	(27)

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Cash flows from operating activities:		
Income before income taxes and minority interests	1,721	1,425
Depreciation and amortization	2,433	2,314
Increase (decrease) in allowance for doubtful accounts	(15)	57
Decrease in reserve for bonuses	(407)	(1,058)
Decrease in accrued severance indemnities	(176)	(191)
Interest and dividends income	(73)	(90)
Interest expenses	282	237
Loss on sale or disposal of fixed assets	19	11
Increase in notes and accounts receivable	(3,246)	(522)
Increase in inventories	(1,268)	(697)
Increase in other current assets	(22)	(79)
Increase (decrease) in notes and accounts payable	3,341	(543)
Other increases in current liabilities	1,643	2,744
Other	128	45
Subtotal	4,360	3,652
Interest and dividends received	77	90
Interest paid	(278)	(249)
Income taxes paid	(254)	(2,154)
Net cash provided by operating activities	3,904	1,338
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(1,600)	(3,780)
Proceeds from sale of property, plant and equipment	32	9
Payment for purchase of investment in securities	(4)	(4)
Payment for time deposits	(84)	(64)
Proceeds from repayment of time deposits	115	124
Other	8	(204)
Net cash used in investing activities	(1,532)	(3,920)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(7,503)	(191)
Proceeds from long-term debt	4,327	3,306
Repayment of long-term debt	(3,095)	(2,910)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	-	(970)
Other	(117)	(94)
Net cash used in financing activities	(6,388)	(859)
Foreign currency translation adjustments on cash and cash equivalents	13	70
Net decrease in cash and cash equivalents	(4,003)	(3,371)
Cash and cash equivalents at beginning of year	23,319	21,485
Cash and cash equivalents at end of the period	19,316	18,114

4. Segment Information

Industry Segment Information

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:						
Unaffiliated Customers	27,886	4,231	5,780	37,898	-	37,898
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

For the Three Months Ended June 30, 2011

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	28,129	4,268	6,471	38,869	-	38,869
Intersegment	30	-	0	30	(30)	-
Total	28,159	4,268	6,471	38,900	(30)	38,869
Operating Income (Loss)	1,161	(208)	704	1,656	0	1,657