

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

	(Millions of yen)	
	March 31, 2011	September 30, 2011
ASSETS		
Current assets:		
Cash and deposits	14,548	13,371
Notes and accounts receivable	34,232	36,271
Marketable securities	9,012	6,762
Finished products and purchased goods	12,106	10,921
Work in process	8,921	10,243
Raw materials and supplies	6,114	7,400
Other current assets	4,712	4,864
Allowance for doubtful accounts	(37)	(50)
Total current assets	89,610	89,784
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	18,474	18,102
Machinery and equipment (net)	21,190	22,314
Land	21,628	21,640
Construction in progress	3,330	5,948
Other fixed assets (net)	3,300	3,575
Total property, plant and equipment	67,923	71,581
Intangible fixed assets:		
Other intangible fixed assets	992	944
Total intangible fixed assets	992	944
Investments and other assets:		
Investment in securities	8,358	7,461
Other	3,768	4,028
Allowance for doubtful accounts	(76)	(111)
Total investments and other assets	12,050	11,378
Total fixed assets	80,966	83,904
Total assets	170,577	173,689

	(Millions of yen)	
	March 31, 2011	September 30, 2011
LIABILITIES		
Current liabilities:		
Notes and accounts payable	28,357	30,110
Short-term borrowings	25,404	25,785
Current portion of long-term debt	10,118	6,681
Income taxes payable	2,165	1,105
Accrued bonuses	1,613	1,585
Accrued bonuses to directors	20	-
Other current liabilities	8,800	8,272
Total current liabilities	76,480	73,541
Long-term liabilities:		
Long-term debt	12,878	18,523
Accrued severance indemnities	6,633	6,282
Other long-term liabilities	3,367	3,257
Total long-term liabilities	22,879	28,063
Total liabilities:	99,360	101,605
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	39,601	40,940
Treasury stock	(2,360)	(2,360)
Total shareholders' equity	79,463	80,802
Accumulated other comprehensive loss:		
Unrealized gain on available-for-sale securities	1,871	1,427
Deferred loss on derivatives under hedge accounting	(32)	(48)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(11,700)	(11,642)
Total accumulated other comprehensive loss	(9,235)	(9,637)
Minority interests		
Total net assets	71,217	72,084
Total liabilities and net assets	170,577	173,689

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(1) Consolidated Statements of Income**

(Millions of yen)

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Net sales	80,340	81,705
Cost of sales	65,607	66,843
Gross profit	14,732	14,861
Selling, general and administrative expenses	10,189	10,546
Operating income	4,543	4,315
Non-operating income		
Interest income	14	10
Dividends income	69	88
Rent income	243	202
Gain on sale of scrap	68	73
Miscellaneous income	317	221
Total non-operating income	713	596
Non-operating expenses		
Interest expenses	560	468
Cash discounts	93	100
Exchange losses	157	170
Depreciation	115	56
Miscellaneous expenses	159	123
Total non-operating expenses	1,085	918
Ordinary income	4,170	3,993
Extraordinary income		
Gain on sale of fixed assets	186	23
Reversal of allowance for doubtful accounts	9	-
Gain on negative goodwill	9	0
Total extraordinary income	205	24
Extraordinary losses		
Loss on disposal of fixed assets	99	35
Loss on devaluation of investment in securities	198	148
Special retirement expenses	-	178
Loss on adjustment for changes of accounting standard for asset retirement obligations	29	-
Total extraordinary losses	327	362
Income before income taxes and minority interests	4,048	3,655
Income taxes	1,352	1,387
Income before gain on minority interests	2,696	2,268
Gain (loss) on minority interests	66	(41)
Net income	2,630	2,309

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Income before gain on minority interests	2,696	2,268
Other comprehensive income		
Unrealized gain on available-for-sale securities	(623)	(458)
Deferred loss on derivatives under hedge accounting	(0)	(15)
Foreign currency translation adjustments	(557)	57
Share of other comprehensive loss of associates accounted for using equity method	(2)	(1)
Total other comprehensive income	(1,183)	(418)
Comprehensive income	1,512	1,849
Comprehensive income attributable to:		
Owners of the parent	1,447	1,907
Minority interests	65	(57)

3. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Cash flows from operating activities:		
Income before income taxes and minority interests	4,048	3,655
Depreciation and amortization	5,180	4,954
Increase (decrease) in allowance for doubtful accounts	(11)	48
Increase (decrease) in reserve for bonuses	507	(27)
Decrease in accrued severance indemnities	(142)	(351)
Interest and dividends income	(83)	(99)
Interest expenses	560	468
Loss (gain) on sale or disposal of fixed assets	(87)	12
Increase in notes and accounts receivable	(5,375)	(2,062)
Increase in inventories	(167)	(1,370)
Increase in other current assets	(157)	(197)
Increase in notes and accounts payable	4,472	1,777
Other increases (decreases) in current liabilities	935	(270)
Other	380	64
Subtotal	10,058	6,602
Interest and dividends received	87	99
Interest paid	(550)	(466)
Income taxes paid	(342)	(2,178)
Net cash provided by operating activities	9,253	4,056
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(3,524)	(8,770)
Proceeds from sale of property, plant and equipment	287	60
Payment for purchases of marketable securities	(690)	(690)
Proceeds from sale of marketable securities	690	690
Payment for purchase of investment in securities	(9)	(11)
Payment for time deposits	(1,389)	(1,319)
Proceeds from repayment of time deposits	1,390	1,349
Other	(235)	(234)
Net cash used in investing activities	(3,480)	(8,925)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(8,389)	392
Proceeds from long-term debt	6,186	8,300
Repayment of long-term debt	(3,763)	(6,107)
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	-	(970)
Other	(204)	(150)
Net cash provided by (used in) financing activities	(6,171)	1,465
Foreign currency translation adjustments on cash and cash equivalents	(70)	6
Net decrease in cash and cash equivalents	(468)	(3,397)
Cash and cash equivalents at beginning of year	23,319	21,485
Cash and cash equivalents at end of the period	22,851	18,088

4. Segment Information

Industry Segment Information

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:						
Unaffiliated Customers	58,284	9,957	12,098	80,340	-	80,340
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

For the Six Months Ended September 30, 2011

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	59,144	9,644	12,915	81,705	-	81,705
Intersegment	59	-	1	61	(61)	-
Total	59,204	9,644	12,917	81,766	(61)	81,705
Operating Income (Loss)	3,263	(429)	1,481	4,315	0	4,315