

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

	(Millions of yen)	
	March 31, 2011	December 31, 2011
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	14,548	17,963
Notes and accounts receivable	34,232	37,035
Marketable securities	9,012	4,793
Finished products and purchased goods	12,106	11,507
Work in process	8,921	10,408
Raw materials and supplies	6,114	7,307
Other current assets	4,712	5,252
Allowance for doubtful accounts	(37)	(44)
Total current assets	89,610	94,224
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures (net)	18,474	17,504
Machinery and equipment (net)	21,190	21,368
Land	21,628	21,678
Construction in progress	3,330	11,041
Other fixed assets (net)	3,300	3,183
Total property, plant and equipment	67,923	74,776
Intangible fixed assets:		
Other intangible fixed assets	992	924
Total intangible fixed assets	992	924
Investments and other assets:		
Investment in securities	8,358	7,255
Other	3,768	4,053
Allowance for doubtful accounts	(76)	(65)
Total investments and other assets	12,050	11,242
Total fixed assets	80,966	86,943
Total assets	170,577	181,167

	(Millions of yen)	
	March 31, 2011	December 31, 2011
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	28,357	33,024
Short-term borrowings	25,404	25,665
Current portion of long-term debt	10,118	9,260
Income taxes payable	2,165	526
Accrued bonuses	1,613	676
Accrued bonuses to directors	20	-
Other current liabilities	8,800	10,085
Total current liabilities	76,480	79,238
<b>Long-term liabilities:</b>		
Long-term debt	12,878	20,527
Accrued severance indemnities	6,633	6,077
Other long-term liabilities	3,367	3,109
Total long-term liabilities	22,879	29,714
Total liabilities:	99,360	108,953
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	39,601	41,649
Treasury stock	(2,360)	(2,360)
Total shareholders' equity	79,463	81,511
<b>Accumulated other comprehensive loss:</b>		
Unrealized gain on available-for-sale securities	1,871	1,426
Deferred loss on derivatives under hedge accounting	(32)	(26)
Land revaluation reserve	626	655
Foreign currency translation adjustments	(11,700)	(12,327)
Total accumulated other comprehensive loss	(9,235)	(10,272)
<b>Minority interests</b>		
Total net assets	71,217	72,214
Total liabilities and net assets	170,577	181,167

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

(Millions of yen)

	Nine Months Ended December 31, 2010	Nine Months Ended December 31, 2011
<b>Net sales</b>	119,989	123,256
<b>Cost of sales</b>	98,001	101,402
Gross profit	21,987	21,854
<b>Selling, general and administrative expenses</b>	15,449	15,962
Operating income	6,537	5,892
<b>Non-operating income</b>		
Interest income	22	16
Dividends income	119	143
Rent income	356	308
Gain on sale of scrap	107	123
Miscellaneous income	361	303
Total non-operating income	967	895
<b>Non-operating expenses</b>		
Interest expenses	830	755
Cash discounts	137	148
Exchange losses	270	245
Depreciation	160	86
Miscellaneous expenses	185	138
Total non-operating expenses	1,583	1,375
Ordinary income	5,921	5,412
<b>Extraordinary income</b>		
Gain on sale of fixed assets	186	29
Reversal of allowance for doubtful accounts	5	-
Gain on negative goodwill	9	1
Total extraordinary income	202	30
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	119	76
Loss on devaluation of investment in securities	169	178
Special retirement expenses	-	191
Loss on adjustment for changes of accounting standard for asset retirement obligations	29	-
Total extraordinary losses	318	446
Income before income taxes and minority interests	5,805	4,997
Income taxes	2,041	1,977
Income before gain on minority interests	3,764	3,019
Gain on minority interests	102	1
Net income	3,661	3,018

## (2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine Months Ended December 31, 2010	Nine Months Ended December 31, 2011
<b>Income before gain on minority interests</b>	3,764	3,019
<b>Other comprehensive income</b>		
Unrealized gain on available-for-sale securities	(205)	(458)
Deferred loss on derivatives under hedge accounting	10	6
Land revaluation reserve	-	43
Foreign currency translation adjustments	(876)	(627)
Share of other comprehensive loss of associates accounted for using equity method	(1)	(2)
Total other comprehensive income	(1,073)	(1,038)
<b>Comprehensive income</b>	2,690	1,980
Comprehensive income attributable to:		
Owners of the parent	2,578	1,981
Minority interests	112	(1)

**3. Consolidated Statements of Cash Flows**

	(Millions of yen)	
	Nine Months Ended December 31, 2010	Nine Months Ended December 31, 2011
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	5,805	4,997
Depreciation and amortization	8,108	7,814
Decrease in allowance for doubtful accounts	(22)	(4)
Decrease in reserve for bonuses	(297)	(937)
Decrease in accrued severance indemnities	(326)	(556)
Interest and dividends income	(141)	(160)
Interest expenses	830	755
Loss on devaluation of investment in securities	169	178
Loss (gain) on sale or disposal of fixed assets	(67)	47
Increase in notes and accounts receivable	(6,144)	(3,108)
Increase in inventories	(666)	(2,210)
Increase in other current assets	(417)	(688)
Increase in notes and accounts payable	7,326	4,942
Other increases in current liabilities	2,263	1,458
Other	261	(122)
Subtotal	16,679	12,405
Interest and dividends received	145	159
Interest paid	(806)	(751)
Income taxes paid	(634)	(3,372)
Net cash provided by operating activities	15,383	8,441
<b>Cash flows from investing activities:</b>		
Payment for purchases of property, plant and equipment	(5,631)	(15,594)
Proceeds from sale of property, plant and equipment	384	69
Payment for purchases of marketable securities	(3,187)	(690)
Proceeds from sale of marketable securities	690	690
Payment for purchase of investment in securities	(15)	(17)
Payment for time deposits	(1,444)	(1,373)
Proceeds from repayment of time deposits	1,445	1,403
Other	(252)	(176)
Net cash used in investing activities	(8,010)	(15,688)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings, net	(8,494)	730
Proceeds from long-term debt	7,209	13,792
Repayment of long-term debt	(5,316)	(6,757)
Acquisition of treasury stock	(3)	(0)
Cash dividends paid	-	(970)
Other	(301)	(205)
Net cash provided by (used in) financing activities	(6,906)	6,588
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	(110)	(116)
<b>Net increase (decrease) in cash and cash equivalents</b>	356	(774)
<b>Cash and cash equivalents at beginning of year</b>	23,319	21,485
<b>Cash and cash equivalents at end of the period</b>	23,676	20,711

**4. Segment Information**

## Industry Segment Information

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:						
Unaffiliated Customers	87,506	14,217	18,264	119,989	-	119,989
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

For the Nine Months Ended December 31, 2011

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated Customers	91,011	13,097	19,148	123,256	-	123,256
Intersegment	91	-	2	94	(94)	-
Total	91,103	13,097	19,150	123,351	(94)	123,256
Operating Income (Loss)	4,422	(673)	2,143	5,891	0	5,892