RYOBI

ANNUAL REPORT

For the year ended March 31,2011

2011

CONSOLIDATED BALANCE SHEETS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(As of March 31, 2011 and 2010)

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2011**	2010	**2011**
Current assets			
Cash and cash equivalents (Note 14)	**¥ 21,486**	¥ 23,320	**$ 258,400**
Time deposits (Note 14)	**2,076**	2,197	**24,967**
Notes and accounts receivable (Note 14)			
Trade	**34,232**	31,245	**411,690**
Unconsolidated subsidiaries and affiliates	**65**	55	**782**
Other	**2,921**	2,071	**35,129**
Allowance for doubtful accounts	**(38)**	(40)	**(457)**
Inventories (Note 4)	**27,142**	26,506	**326,422**
Deferred tax assets (Note 9)	**1,195**	1,320	**14,372**
Prepaid expenses and other	**532**	373	**6,398**
Total current assets	**89,611**	87,047	**1,077,703**
Property, plant and equipment (Notes 5 and 6)			
Land	**21,629**	21,667	**260,120**
Buildings and structures	**45,738**	46,474	**550,066**
Machinery and equipment	**131,819**	130,776	**1,585,316**
Construction in progress	**3,330**	5,101	**40,048**
Other	**2,494**	3,235	**29,994**
Total	**205,010**	207,253	**2,465,544**
Accumulated depreciation	**(137,086)**	(133,415)	**(1,648,659)**
Net property, plant and equipment	**67,924**	73,838	**816,885**
Investments and other assets			
Investments in securities (Notes 3 and 14)	**8,254**	8,701	**99,266**
Investments in unconsolidated subsidiaries and affiliates (Note 14)	**104**	104	**1,251**
Intangible fixed assets	**992**	1,078	**11,930**
Deferred tax assets (Note 9)	**1,339**	1,275	**16,103**
Other	**2,430**	1,991	**29,225**
Allowance for doubtful accounts	**(76)**	(118)	**(914)**
Total investments and other assets	**13,043**	13,031	**156,861**
Total	**¥ 170,578**	¥ 173,916	**$ 2,051,449**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Current liabilities			
Short-term borrowings (Notes 6 and 14)	**¥ 25,405**	¥ 31,510	**$ 305,532**
Current portion of long-term debt (Notes 6 and 14)	**10,364**	13,767	**124,642**
Notes and accounts payable (Note 14)			
Trade	**28,165**	25,293	**338,725**
Unconsolidated subsidiaries and affiliates	**199**	190	**2,393**
Other	**4,668**	3,318	**56,140**
Accrued expenses	**3,086**	2,116	**37,114**
Income taxes payable	**2,165**	342	**26,037**
Other current liabilities	**2,429**	2,265	**29,213**
Total current liabilities	**76,481**	78,801	**919,796**
Long-term liabilities			
Long-term debt (Notes 6 and 14)	**13,205**	16,931	**158,809**
Accrued severance indemnities (Note 7)	**6,634**	6,988	**79,784**
Other long-term liabilities	**3,041**	3,200	**36,572**
Total long-term liabilities	**22,880**	27,119	**275,165**
Commitments and contingent liabilities (Notes 12,13 and 15)			
Equity (Note 8)			
Common stock			
Authorized: 500,000,000 shares			
Issued: 171,230,715 shares	**18,472**	18,472	**222,153**
Capital surplus	**23,750**	23,750	**285,628**
Retained earnings	**39,601**	35,007	**476,260**
Treasury stock (9,483,568 shares in 2011; 9,468,179 shares in 2010)	**(2,360)**	(2,355)	**(28,382)**
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	**1,871**	2,157	**22,501**
Deferred loss on derivatives under hedge accounting	**(32)**	(32)	**(385)**
Land revaluation reserve (Note 5)	**626**	626	**7,529**
Foreign currency translation adjustments	**(11,700)**	(10,517)	**(140,710)**
Total	**70,228**	67,108	**844,594**
Minority interests	**989**	888	**11,894**
Total equity	**71,217**	67,996	**856,488**
Total	**¥ 170,578**	¥ 173,916	**$ 2,051,449**

CONSOLIDATED STATEMENTS OF OPERATIONS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2011 and 2010)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	**2010**	**2011**
Net sales	**¥ 161,731**	¥ 125,940	**$ 1,945,051**
Cost of sales	**132,729**	108,081	**1,596,260**
Gross profit	**29,002**	17,859	**348,791**
Selling, general and administrative expenses (Note 10)	**20,717**	18,784	**249,152**
Operating income (loss)	**8,285**	(925)	**99,639**
Other income			
Interest and dividends	**154**	191	**1,852**
Rent income	**451**	489	**5,424**
Other	**787**	886	**9,465**
Total other income	**1,392**	1,566	**16,741**
Other expenses			
Interest	**1,095**	1,286	**13,169**
Loss on disposal of property, plant and equipment	**280**	140	**3,367**
Depreciation	**197**	333	**2,369**
Other	**800**	324	**9,622**
Total other expenses	**2,372**	2,083	**28,527**
Income (loss) before income taxes and minority interests	**7,305**	(1,442)	**87,853**
Income taxes (Note 9)			
Current	**2,367**	475	**28,467**
Deferred	**221**	(355)	**2,657**
Total income taxes	**2,588**	120	**31,124**
Net income (loss) before minority interests	**4,717**	(1,562)	**56,729**
Minority interests in net income	**123**	39	**1,479**
Net income (loss)	**¥ 4,594**	¥ (1,601)	**$ 55,250**

	Yen		U.S. dollars (Note 1)
Per share of common stock (Note 2(p))			
Net income (loss)	**¥ 28.40**	¥ (9.90)	**$ 0.342**
Cash dividends applicable to the year	**6.00**	—	**0.072**

See notes to consolidated financial statements.

STATEMENT OF COMPREHENSIVE INCOME
RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2011)

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2011	2011
Net income before minority interests	¥ 4,717	$ 56,729
Other comprehensive income (Note 11):		
Unrealized loss on available-for-sale securities	(282)	(3,391)
Deferred loss on derivatives under hedge accounting	(0)	(0)
Foreign currency translation adjustments	(1,183)	(14,228)
Share of other comprehensive income in associates	(1)	(12)
Total other comprehensive income	(1,466)	(17,631)
Comprehensive income (Note 11)	¥ 3,251	$ 39,098
Total comprehensive income attributable to (Note 11):		
Owners of the parent	¥ 3,125	$ 37,583
Minority interests	126	1,515

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2011 and 2010)

	Thousands	Millions of yen										
						Accumulated other comprehensive income						
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for -sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance at 31st March 2009	171,231	¥ 18,472	¥ 23,750	¥ 36,608	¥ (2,354)	¥ 1,088	¥ (35)	¥ 626	¥ (10,982)	¥ 67,173	¥ 834	¥ 68,007
Net loss	—	—	—	(1,601)	—	—	—	—	—	(1,601)	—	(1,601)
Purchase of treasury stock (1,380 shares)	—	—	—	—	(1)	—	—	—	—	(1)	—	(1)
Net change in the year	—	—	—	—	—	1,069	3	—	465	1,537	54	1,591
Balance at 31st March 2010	171,231	18,472	23,750	35,007	(2,355)	2,157	(32)	626	(10,517)	67,108	888	67,996
Net income	**—**	**—**	**—**	**4,594**	**—**	**—**	**—**	**—**	**—**	**4,594**	**—**	**4,594**
Disposal of treasury stock (790 shares)	**—**	**—**	**0**	**—**	**0**	**—**	**—**	**—**	**—**	**0**	**—**	**0**
Purchase of treasury stock (16,179 shares)	**—**	**—**	**—**	**—**	**(5)**	**—**	**—**	**—**	**—**	**(5)**	**—**	**(5)**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**(286)**	**(0)**	**—**	**(1,183)**	**(1,469)**	**101**	**(1,368)**
Balance at 31st March 2011	**171,231**	**¥ 18,472**	**¥ 23,750**	**¥ 39,601**	**¥ (2,360)**	**¥ 1,871**	**¥ (32)**	**¥ 626**	**¥ (11,700)**	**¥ 70,228**	**¥ 989**	**¥ 71,217**

	Thousands of U.S. Dollars (Note 1)										
					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for -sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation reserve	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance at 31st March 2010	$ 222,153	$ 285,628	$ 421,010	$ (28,322)	$ 25,941	$ (385)	$ 7,529	$ (126,482)	$ 807,072	$ 10,679	$ 817,751
Net income	**—**	**—**	**55,250**	**—**	**—**	**—**	**—**	**—**	**55,250**	**—**	**55,250**
Disposal of treasury stock (790 shares)	**—**	**0**	**—**	**0**	**—**	**—**	**—**	**—**	**0**	**—**	**0**
Purchase of treasury stock (16,179 shares)	**—**	**—**	**—**	**(60)**	**—**	**—**	**—**	**—**	**(60)**	**—**	**(60)**
Net change in the year	**—**	**—**	**—**	**—**	**(3,440)**	**(0)**	**—**	**(14,228)**	**(17,668)**	**1,215**	**(16,453)**
Balance at 31st March 2011	**$ 222,153**	**$ 285,628**	**$ 476,260**	**$ (28,382)**	**$ 22,501**	**$ (385)**	**$ 7,529**	**$ (140,710)**	**$ 844,594**	**$ 11,894**	**$ 856,488**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2011 and 2010)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Operating activities			
Income (loss) before income taxes and minority interests	**¥ 7,306**	¥ (1,442)	**$ 87,865**
Adjustments for :			
Income taxes - returned (paid)	**(685)**	1,917	**(8,238)**
Depreciation and amortization	**11,339**	12,429	**136,368**
Loss on sales or disposals of property, plant and equipment	**88**	126	**1,058**
Changes in assets and liabilities			
Increase in notes and accounts receivable	**(4,150)**	(5,175)	**(49,910)**
Decrease (increase) in inventories	**(985)**	2,774	**(11,846)**
Increase in notes and accounts payable	**3,491**	5,577	**41,984**
Increase (decrease) in accrued expenses	**238**	(133)	**2,862**
Other, net	**826**	236	**9,935**
Net cash provided by operating activities	**17,468**	16,309	**210,078**
Investing activities			
Purchase of property, plant and equipment	**(7,646)**	(8,169)	**(91,954)**
Proceeds from sale of property, plant and equipment	**324**	32	**3,897**
Other	**(84)**	835	**(1,011)**
Net cash used in investing activities	**(7,406)**	(7,302)	**(89,068)**
Financing activities			
Proceeds from long-term debt	**7,164**	10,558	**86,157**
Repayments of long-term debt	**(13,656)**	(6,940)	**(164,233)**
Decrease in short-term borrowings, net	**(5,238)**	(1,470)	**(62,995)**
Acquisition of treasury stock	**(6)**	(1)	**(72)**
Net cash provided by (used in) financing activities	**(11,736)**	2,147	**(141,143)**
Foreign currency translation adjustments on cash and cash equivalents	**(160)**	82	**(1,924)**
Net increase (decrease) in cash and cash equivalents	**(1,834)**	11,236	**(22,057)**
Cash and cash equivalents at beginning of year	**23,320**	12,085	**280,457**
Cash and cash equivalents at end of year	**¥ 21,486**	¥ 23,321	**$ 258,400**
Additional cash flow information			
Interest paid	**¥ 1,109**	¥ 1,324	**$ 13,337**

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2011 and 2010

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 11. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 consolidated financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Ryobi Limited ("the Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its significant subsidiaries ("the Ryobi Group"). Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Ryobi Group has the ability to exercise significant influence are accounted for by the equity method.

(i) Consolidated subsidiaries

The major consolidated subsidiaries are listed below:

Tokyo Light Alloy Co., Ltd. (Japan)
Ryobi Holdings (USA), Inc.
Ryobi Die Casting (USA), Inc.

(ii) Affiliates

The major affiliate accounted for by the equity method is Ryobi Land Development Co., Ltd. (Japan).

The number of consolidated subsidiaries and affiliates accounted for by the equity method as of March 31, 2011 and 2010 was as follows:

	2011	2010
consolidated subsidiaries	**16**	16
Affiliates	**1**	1

The number of unconsolidated subsidiaries not accounted for by the equity method as of March 31, 2011 and 2010 was as follows:

	2011	2010
Unconsolidated subsidiaries	**3**	3

The investments in such unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant inter-company transactions, account balances and unrealized profits among the companies have been eliminated.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 5 years.

(b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the"ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18,"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material;1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks and financial institutions which are unrestricted as to withdrawal or use, and which have original maturities of three months or less.

(d) Inventories

Inventories are valued at the lower of cost or net selling value. Cost is determined by methods according to the classification of inventories as follows:

(i) Finished products and work in process

The Company and domestic subsidiaries mainly adopt the average method. However, die is determined by the specific identification method.

Foreign subsidiaries mainly adopt the first-in first-out method.

(ii) Raw materials, supplies and purchased goods

Die castings……..Average method

Others……………Last purchase invoice price method

Foreign subsidiaries mainly adopt the first-in first-out method.

(e) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in income, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is primarily computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is principally applied to the property, plant and equipment of consolidated foreign subsidiaries and machinery and equipment held for lease of the Company and its consolidated all subsidiaries.

The range of useful lives is from 3 to 50 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 20 years for other. The useful lives for leased assets are the terms of the respective leases.

(g) Long-lived assets

The Ryobi Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(h) Leases

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

(i) Accrued severance indemnities and pension plan

The Company and domestic consolidated subsidiaries have a contributory or a non-contributory funded pension plan and unfunded pension plans, which cover substantially all of their employees. Certain foreign consolidated subsidiaries have defined benefit pension plans.

Effective April 1, 2000, the Ryobi Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The amount of the transitional obligation of ¥9,092 million ($109,345 thousand), determined as of the beginning of this fiscal year, is amortized over ten years. Unrecognized prior service cost is amortized at the beginning of this fiscal year by using straight-line method over employees' remaining service period or shorter period (primarily 14 years). Unrecognized net actuarial loss is amortized from the next fiscal year by using the straight-line method over the employees' remaining service period or less (primarily 14 years).

(j) Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(k) Income taxes

The Ryobi Group adopted an accounting method for interperiod allocation of income taxes based on the asset and liability method.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(l) Appropriation of retained earnings

Appropriations of retained earnings at each year end are reflected in the financial statements for the following year upon shareholder's approval.

(m) Translation of foreign currency accounts

All current and non-current receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translations are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

(n) Translation of foreign currency financial statements (accounts of foreign subsidiaries)

The balance sheet accounts of the consolidated overseas subsidiaries are translated into yen at the current exchange rates as of the balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated overseas subsidiaries are translated into yen at the average exchange rate.

(o) Derivative and hedging activities

The Ryobi Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Ryobi Group to reduce foreign currency exchange and interest rate risks. The Ryobi Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative translations are recognized in the income statement and b) for derivatives, except those which qualify for hedge accounting, are used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until of maturity of the hedged transaction.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

(p) Per share information

Basic net income (loss) per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period, retroactively for stock splits.

Diluted net income per share is not calculated because no dilutive instruments were issued and outstanding for the years ended March 31, 2011 and 2010.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

(q) Asset retirement obligations

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

(r) New accounting pronouncements

a. Accounting Changes and Error Corrections

In December 2009, ASBJ issued ASBJ Statement No.24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No.24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies:

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2)Changes in Presentation

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3)Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4)Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. Investments in Securities

Information regarding each category of the securities classified as trading, held-to-maturity and available-for-sale at March 31, 2011 and 2010 was as follows:

	Millions of yen			
	2011			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares	**¥ 3,822**	**¥ 3,536**	**¥ (387)**	**¥ 6,971**

	Millions of yen			
	2010			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares	¥ 3,800	¥ 3,818	¥ (202)	¥ 7,416

	Thousands of U.S.dollars			
	2011			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares	**$ 45,965**	**$ 42,525**	**$ (4,654)**	**$ 83,836**

4. Inventories

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2011	2010	**2011**
Finished products and purchased goods	**¥ 12,106**	¥ 12,570	**$ 145,592**
Work in process	**8,922**	8,121	**107,300**
Raw materials and supplies	**6,114**	5,815	**73,530**
Total	**¥ 27,142**	¥ 26,506	**$ 326,422**

5. Land Revaluation

Under the “Law of Land Revaluation” a subsidiary elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There is no effect on the consolidated statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

The details of the one-time revaluation as of March 31, 2002 were as follows:

	Millions of yen	Thousands of U.S.dollars
Land before revaluation	**¥ 275**	**$ 3,307**
Land after revaluation	**1,981**	**23,824**
Land revaluation reserve, net of income taxes of ¥ 675 million ($ 8,117 thousand) and attribution of minority interest of ¥ 405 million ($ 4,871 thousand)	**¥ 626**	**$ 7,529**

As of March 31, 2011, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥ 848 million ($ 10,198 thousand).

6. Short-term Borrowings and Long-term Debt

The annual weighted average interest rates applicable to short-term borrowings were 1.4% and 1.6% at March 31, 2011 and 2010, respectively.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of yen				Thousands of U.S.dollars	
		2011		2010		2011
Loans principally from banks and insurance companies with interest rates ranging from 0.36% to 7.29%:						
Secured	¥	243	¥	605	$	2,922
Unsecured		22,754		29,125		273,650
Lease obligations		572		968		6,879
Total		23,569		30,698		283,451
Less: Current portion		(10,364)		(13,767)		(124,642)
Long-term debt less current portion	¥	13,205	¥	16,931	$	158,809

The aggregate annual maturities of long-term debt at March 31, 2011 were as follows:

Years Ending March 31		Millions of yen		Thousands of U.S.dollars
2012		10,364		124,642
2013		6,348		76,344
2014		5,206		62,610
2015		1,366		16,428
2016		285		3,427
Total	¥	23,569	$	283,451

The assets of the Ryobi Group pledged as collateral for short-term borrowings and long-term debt with banks and other financial institutions at March 31, 2011 and 2010 were as follows:

	Millions of yen				Thousands of U.S.dollars	
		2011		2010		2011
Net book value of property:						
Buildings and structures	¥	3,060	¥	3,529	$	36,801
Machinery and equipment		1,853		2,552		22,285
Land		2,479		2,840		29,814
Total	¥	7,392	¥	8,921	$	88,900

7. Accrued Severance Indemnities and Pension Plan

The Company and certain of its consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liabilities for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of yen				Thousands of U.S.dollars	
		2011		2010		2011
Projected benefit obligation	¥	32,500	¥	32,409	$	390,860
Fair value of plan assets		(20,252)		(20,543)		(243,560)
Unrecognized prior service cost		1,496		1,731		17,992
Unrecognized actuarial loss		(7,110)		(6,609)		(85,508)
Net liabilities	¥	6,634	¥	6,988	$	79,784

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen				Thousands of U.S.dollars	
	2011		2010		**2011**	
Service cost	**¥**	**1,107**	¥	1,062	**$**	**13,313**
Interest cost		**735**		736		**8,839**
Expected return on plan assets		**(688)**		(613)		**(8,274)**
Amortization of prior service cost		**(234)**		(228)		**(2,814)**
Recognized actuarial loss		**834**		965		**10,030**
Amortization of transitional obligation		**—**		621		**—**
Net periodic retirement benefit costs	**¥**	**1,754**	¥	2,543	**$**	**21,094**

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	**2.0%～2.5%**	2.0%～2.5%
Expected rate of return on plan assets	**3.5%**	3.5%
Amortization of prior service cost	**Primarily 14 years**	Primarily 14 years
Recognition period of actuarial gain / loss	**Primarily 14 years**	Primarily 14 years
Amortization of transitional obligation	**—**	10 years

8. Equity

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a)Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b)Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c)Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of 39.5% for the years ended March 31, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of yen				Thousands of U.S. dollars	
		2011		2010		**2011**
Deferred tax assets:						
Accrued severance cost	¥	**2,898**	¥	2,736	$	**34,853**
Tax loss carryforwards		**11,862**		14,548		**142,658**
Other		**2,342**		2,236		**28,166**
Valuation allowance		**(12,584)**		(14,309)		**(151,341)**
Deferred tax assets	¥	**4,518**	¥	5,211	$	**54,336**
Deferred tax liabilities:						
Unrealized gain on available-for-sale securities	¥	**(1,245)**	¥	(1,430)	$	**(14,973)**
Other		**(1,026)**		(1,518)		**(12,339)**
Deferred tax liabilities	¥	**(2,271)**	¥	(2,948)	$	**(27,312)**
Net deferred tax assets	¥	**2,247**	¥	2,263	$	**27,024**

The reconciliation between the normal effective statutory tax rate for the years ended March 31, 2011 and 2010 and the actual effective tax rates reflected in the accompanying consolidated statements of operation is as follows:

	2011	2010
Normal effective statutory tax rate	**39.5%**	39.5%
Expenses not deductible for income tax purposes	**1.8**	(9.1)
Unrealized profit that exceeds total taxable income	**(2.2)**	5.7
Valuation allowance	**(2.0)**	(51.4)
Retained earnings of entities such as overseas subsidiaries	**(1.2)**	11.3
Taxation on per capita basis	**0.6**	(3.3)
Tax credit for research and development costs and other	**(3.6)**	(0.4)
Other, net	**2.5**	(0.6)
Actual effective tax rate	**35.4%**	(8.3)%

10. Research and Development Costs

Research and development costs were ¥1,907 million ($22,934 thousand) and ¥1,701 million for the years ended March 31, 2011 and 2010, respectively.

11. Statement of Comprehensive Income

Other comprehensive income for the year ended March 31, 2010 consists of the following:

		Millions of yen
Other comprehensive income:		
Unrealized gain on available-for-sale securities	¥	1,103
Deferred gain on derivatives under hedge accounting		3
Foreign currency translation adjustments		465
Share of other comprehensive income in associates		6
Total other comprehensive income	¥	1,577

Total comprehensive income for the year ended March 31, 2010 comprises the following:

		Millions of yen
Total comprehensive income attributable to:		
Owners of the parent	¥	(64)
Minority interests		79
Total comprehensive income	¥	15

12. Leases

Future minimum lease payments of the Ryobi Group as of March 31, 2011 and 2010 under noncancelable operating leases were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		**2011**	
Current	¥	**47**	¥	56	$	**565**
Non-current		**70**		106		**842**
Total	¥	**117**	¥	162	$	**1,407**

13. Contingent Liabilities

The Ryobi Group had the following contingent liabilities at March 31, 2011 and 2010.

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		**2011**	
Trade notes discounted	¥	**191**	¥	203	$	**2,297**
Guarantees and similar Items						
Bank loans		**72**		92		**866**
Leases		**1,060**		925		**12,748**
Other		**14**		16		**168**
Total	¥	**1,337**	¥	1,236	$	**16,079**

14. Financial Instruments and Related Disclosures

(a)Group policy for financial instruments

The Ryobi Group uses financial instruments, mainly long-term debt including bank loans, and lease obligation, based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Short term bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 15.

(b) Nature and extent of risks arising from financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly equity instruments of customers and suppliers of the Company, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Maturities of bank loans, and lease obligation are less than four years and two months after the balance sheet date. Although a part of such bank loans, and lease obligation are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans. Please see Note 15 for more detail about derivatives.

(c) Risk management for financial instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Ryobi Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers in early stage. With respect to derivatives, the Ryobi Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with in its internal guidelines. Please see Note 15 for the detail about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2011.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

The execution of derivatives is controlled by the Finance Department of the Company, and by the Finance Division of each of its consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning by the corporate treasury department.

(d) Fair values of financial instruments
Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 15 for the detail of fair value for derivatives.

(1) Fair value of financial instruments
Fair value of financial instruments at March 31, 2011 and 2010 were follows:

	Millions of yen		
	2011		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	**¥ 21,486**	**¥ 21,486**	**¥ —**
Time deposits	**2,076**	**2,076**	**—**
Notes and accounts receivable	**37,180**	**37,180**	**—**
Investment securities	**8,254**	**8,254**	**—**
Total	**¥ 68,996**	**¥ 68,996**	**¥ —**
Short-term borrowing	**¥ 25,405**	**¥ 25,405**	**¥ —**
Notes and accounts payable	**33,031**	**33,031**	**—**
Long-term debt	**23,569**	**23,768**	**199**
Total	**82,005**	**82,204**	**199**
Derivatives transaction	**¥ (54)**	**¥ (54)**	**¥ —**

	Millions of yen		
	2010		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 23,320	¥ 23,320	¥ —
Time deposits	2,197	2,197	—
Notes and accounts receivable	33,331	33,331	—
Investment securities	8,701	8,701	—
Total	¥ 67,549	¥ 67,549	¥ —
Short-term borrowing	¥ 31,510	¥ 31,510	¥ —
Notes and accounts payable	28,801	28,801	—
Long-term debt	30,698	30,916	218
Total	91,009	91,227	218
Derivatives transaction	¥ (54)	¥ (54)	¥ —

	Thousands of U.S. dollars		
	2011		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	**$ 258,400**	**$ 258,400**	**$ —**
Time deposits	**24,967**	**24,967**	**—**
Notes and accounts receivable	**447,144**	**447,144**	**—**
Investment securities	**99,266**	**99,266**	**—**
Total	**$ 829,777**	**$ 829,777**	**$ —**
Short-term borrowing	**$ 305,532**	**$ 305,532**	**$ —**
Notes and accounts payable	**397,246**	**397,246**	**—**
Long-term debt	**283,452**	**285,845**	**2,393**
Total	**986,230**	**988,623**	**2,393**
Derivatives transaction	**$ (649)**	**$ (649)**	**$ —**

Cash and cash equivalents
The carrying amount of cash and cash equivalents approximate fair value because of their short maturities.
Time deposits
The carrying amount of time deposits approximate fair value because of their short maturities.
Investment securities
The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments. The information of the fair value of investment securities by classification is included in Note 3.
Notes and accounts receivable
The carrying amount of notes and accounts receivable approximate fair value because of their short maturities.
Short-term borrowings
The carrying amount of short-term borrowings approximate fair value because of their short maturities.
Notes and accounts payable
The carrying amount of notes and accounts payable approximate fair value because of their short maturities.
Long-term debt
The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.
Derivatives
The information of the fair value for derivatives is included in Note 15.

(2) Financial instruments whose fair value cannot be reliably determined
Financial instruments whose fair value cannot be reliably determined at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2011	2010	**2011**
Investments in equity instruments that do not have a quoted market price in an active market………………………………….....	**¥ 1,284**	¥ 1,284	**$ 15,442**
Investments in unconsolidated subsidiaries and affiliates………...	**¥ 104**	¥ 104	**$ 1,251**

(3) Maturity analysis for financial assets with contractual maturities
Maturity analysis for financial assets with contractual maturities at March 31, 2011 and 2010 were follows:

	Millions of yen			
	2011			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents……………………………………	**¥ 21,486**	**¥ —**	**¥ —**	**¥ —**
Time deposits…………………………………………………..	**2,076**	**—**	**—**	**—**
Notes and accounts receivable………………………………..	**37,218**	**0**	**—**	**—**
Total……………………………………………………………….	**¥ 60,780**	**¥ 0**	**¥ —**	**¥ —**

	Millions of yen			
	2010			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents……………………………………	¥ 23,320	¥ —	¥ —	¥ —
Time deposits…………………………………………………..	2,197	—	—	—
Notes and accounts receivables………………………………..	33,367	4	—	—
Total……………………………………………………………….	¥ 58,884	¥ 4	¥ —	¥ —

	Thousands of U.S.dollars			
	2011			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents……………………………………	$ 258,400	$ —	$ —	$ —
Time deposits……………………………………………………	24,967	—	—	—
Notes and accounts receivable..…………………………….	447,601	0	—	—
Total…………………………………………………………………	$ 730,968	$ 0	$ —	$ —

Please see Note 6 for annual maturities of long-term debt.

15. Derivatives

The Ryobi Group enters into foreign exchange forward contracts and interest rate swaps to hedge risk and reduce exposure to fluctuations in market values of foreign exchange rates and interest rates associated with certain assets and liabilities.

All derivative transactions are related to qualified hedges of interest and foreign currency exposures incorporated with its business. Market risk of these derivatives is basically offset by opposite movements in the value of hedged assets. The Ryobi Group does not hold or issue derivatives for speculative or trading purposes.

Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates. The Ryobi Group does not anticipate any losses arising from credit risk because the counterparties to these derivatives are limited to major international financial institutions.

The execution of derivatives is controlled by the Finance Department of the Company, and by the Finance Division of consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

The Ryobi Group had the following derivatives contracts outstanding as of March 31, 2011 and 2010:

	Millions of yen			
	2011			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps (floating rate payment, fixed rate receipt)...	Short-term borrowing and Long-term debt	¥ 5,200	¥ 2,200	¥ (54)
	Long-term debt	¥ 5,800	¥ 1,600	¥ —

	Millions of yen			
	2010			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps (floating rate payment, fixed rate receipt)...	Short-term borrowing	¥ 2,300	¥ 2,300	¥ (54)
.	Long-term debt	¥ 10,275	¥ 5,300	¥ _

	Thousands of U.S, dollars			
	2011			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps (floating rate payment, fixed rate receipt)...	Short-term borrowing and Long-term debt	$ 62,538	$ 26,458	$ (649)
	Long-term debt	$ 69,753	$ 19,242	$ —

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The above interest rate swaps which qualify for hedge accounting and which meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of hedge items (i.e.long-term debt).

16. Segment Information

For the year ended March 31, 2011

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

(1) Description of reportable segments

The Ryobi Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the segments "Die castings", "Printing equipment" and "Power tools and builders' hardware".

Industry Die castings consists of die cast products for the automobile industry and various other industry. Industry Printing equipment consists of offset printing presses and peripherals. Industry Power tools and builders' hardware consists of electric power tools, lawn and garden equipment and builders' hardware.

(2) Methods of measurement for the amounts of sales, profit (loss), assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".

(3) Information about sales, profit (loss), assets and other items is as follows:

	Millions of yen				
	2011				
	Die castings	Printing equipment	Power tools and builders' hardware	Reconciliations	Consolidated
Net sales:					
Sales to external customers……..	¥ 118,192	¥ 19,680	¥ 23,859	¥ —	¥ 161,731
Intersegment sales or transfers…	115	—	2	(117)	—
Total………………………………….	118,307	19,680	23,861	(117)	161,731
Segment profit (loss)……………...	¥ 7,292	¥ (937)	¥ 1,930	¥ 0	¥ 8,285
Segment assets…………………….	¥ 99,063	¥ 23,099	¥ 23,800	¥ 24,616	¥ 170,578
Depreciation ………………………..	9,928	699	712	—	11,339
Increase in property, plant and equipment and intangible assets….	¥ 8,451	¥ 145	¥ 453	¥ —	¥ 9,049

	Thousands of U.S. dollars				
	2011				
	Die castings	Printing equipment	Power tools and builders' hardware	Reconciliations	Consolidated
Net sales:					
Sales to external customers……..	$ 1,421,431	$ 236,681	$ 286,939	$ —	$ 1,945,051
Intersegment sales or transfers....	1,383	—	24	(1,407)	—
Total………………………………...	1,422,814	236,681	286,963	(1,407)	1,945,051
Segment profit (loss)……………….	$ 87,697	$ (11,269)	$ 23,211	$ 0	$ 99,639
Segment assets…………………….	$ 1,191,377	$ 277,799	$ 286,230	$ 296,043	$ 2,051,449
Depreciation.………………………..	119,399	8,406	8,563	—	136,368
Increase in property, plant and equipment and intangible assets….	$ 101,635	$ 1,744	$ 5,448	$ —	$ 108,827

Information about geographical areas

(1) Net sales

	Millions of yen		Thousands of U.S. dollars	
	2011		**2011**	
Net sales				
Japan…………	**¥**	**113,643**	**$**	**1,366,723**
The Americas…………		**29,217**		**351,377**
Other…………		**18,871**		**226,951**
Total…………	**¥**	**161,731**	**$**	**1,945,051**

Note: Sales are classified in countries or regions based on location of customers.

(2) Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars	
	2011		**2011**	
Property, plant and equipment				
Japan…………	**¥**	**47,580**	**$**	**572,219**
The Americas…………		**8,917**		**107,240**
Asia…………		**8,230**		**98,978**
Other…………		**3,197**		**38,448**
Total…………	**¥**	**67,924**	**$**	**816,885**

For the year ended March 31, 2010

(1) Industry segment information

The Ryobi Group operates in three industry segments according to the product groups which are:

--Die castings (“Die castings”)

--Printing equipment (“Printing equipment”)

--Electric power tools, lawn and garden equipment and builders’ hardware (“Power tools and builders’ hardware”)

	Millions of yen									
	2010									
	Die castings		Printing equipment		Power tools and builders’ hardware		Eliminations / corporate		Consolidated	
Net sales:										
Unaffiliated customers…………	¥	86,140	¥	18,101	¥	21,699	¥	—	¥	125,940
Intersegment…………		124		—		2		(126)		—
Total…………		86,264		18,101		21,701		(126)		125,940
Operating costs and expenses…….		87,079		19,492		20,420		(126)		126,865
Operating income (loss)…………	¥	(815)	¥	(1,391)	¥	1,281	¥	—	¥	(925)
Total assets…………	¥	97,228	¥	24,908	¥	22,962	¥	28,818	¥	173,916
Depreciation and amortization…….		10,861		819		749		—		12,429
Capital expenditure…………	¥	6,426	¥	120	¥	512	¥	—	¥	7,058

The amounts of corporate assets as of March 31, 2010 included in the “Eliminations or corporate” was ¥28,829 million, which mainly consisted of cash, securities and long-term investment assets (investments in securities).

(2) Geographical segment information

	Millions of yen				
	2010				
	Japan	The Americas	Other overseas	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customers…………….	¥ 106,842	¥ 14,750	¥ 4,348	¥ —	¥ 125,940
Intersegment……………………….	1,800	—	5,933	(7,733)	—
Total…………………………………..	108,642	14,750	10,281	(7,733)	125,940
Operating costs and expenses….....	109,452	14,796	10,306	(7,689)	126,865
Operating loss……………………….	¥ (810)	¥ (46)	¥ (25)	¥ (44)	¥ (925)
Total assets………………………….	¥ 115,039	¥ 17,295	¥ 19,001	¥ 22,581	¥ 173,916

The amounts of corporate assets as of March 31, 2010 included in the "Eliminations or corporate" was ¥28,829 million, which mainly consisted of cash, securities and long-term investment assets (investments in securities).

(3) Export sales and sales by overseas subsidiaries

Export sales of the companies (i.e., export amounts made by the Company and its domestic subsidiaries) plus the sales by overseas consolidated subsidiaries for the years ended March 31, 2010 are presented below:

	Millions of yen
	2010
Export sales and sales by overseas subsidiaries:	
The Americas………………………………………………………	¥ 17,644
Europe………………………………………………………………	5,352
Other……………………………………………………………….	8,673
Total…………………………………………………………………..	¥ 31,669
Percentage of such sales against consolidated net sales:	
The Americas………………………………………………………	14.0 %
Europe……………………………………………………………...	4.2
Other……………………………………………………………….	6.9
Total…………………………………………………………………	25.1 %

17. Subsequent Event

The following appropriation of retained earnings at March 31, 2011, is scheduled for approval at the Company's shareholders m eeting on June 23, 2011:

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	Millions of yen	Thousands of U.S. dollars
Cash dividends………………………………………………………………...…………...........	**970**	**11,666**

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ryobi Limited:

We have audited the accompanying consolidated balance sheets of Ryobi Limited (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of operations for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ryobi Limited and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 10, 2011

Member of
Deloitte Touche Tohmatsu Limited

CORPORATE INFORMATION

CORPORATE DATA

Company Name
RYOBI LIMITED

Established
December 16, 1943

Major Products
Die cast products
Printing equipment
(offset printing presses, peripherals, etc.)
Power tools
(electric power tools, lawn and garden equipment, etc.)
Builders' hardware
(door closers, hinges, architectural hardware, etc.)

Head Office
762 Mesaki-cho, Fuchu-shi, Hiroshima-ken 726-8628, Japan
Telephone: 81-847-41-1111

Tokyo Branch
5-2-8 Toshima, Kita-ku, Tokyo 114-8518, Japan
Telephone: 81-3-3927-5541

Toranomon Office
Toranomon Central Building
1-7-1 Nishishinbashi, Minato-ku, Tokyo 105-0003, Japan
Telephone: 81-3-3927-5541

MANAGEMENT MEMBERS

(As of June 23, 2011)

BOARD OF DIRECTORS

Chairman and Representative Director	Hiroshi Urakami
Vice Chairman and Representative Director	Susumu Yoshikawa
President and Representative Director	Akira Urakami
Directors	Takashi Yokoyama
	Kenjiro Suzuki
Outside Directors	Satoshi Ohoka
	Tairo Katoh

CORPORATE AUDITORS

Standing Corporate Auditor	Shozo Kobayashi
Outside Corporate Auditors	Izumi Kurosawa
	Masaki Saitoh
	Yuji Yamamoto

CORPORATE OFFICERS

Chief Executive Officer	Hiroshi Urakami
Deputy Chief Executive Officer	Susumu Yoshikawa
Chief Operating Officer	Akira Urakami
Executive Corporate Officer	Takashi Yokoyama
Corporate Officers	Kenjiro Suzuki
	Kuniyuki Ito
	Kazuaki Danjo
	Shoji Osawa
	Hideki Domoto
	Hiroyuki Kawaguchi
	Takashi Suzuki

MAJOR CONSOLIDATED SUBSIDIARIES

Ryobi Imagix Co.(Japan)	Printing equipment and related product sales
Ryobi Sales Co.(Japan)	Power tools and lawn and garden equipment sales
Ryobi Mirasaka Co.(Japan)	Die casting manufacturing
Ryobi Mitsugi Co.(Japan)	Die casting manufacturing
Tokyo Light Alloy Co., Ltd.(Japan)	Cast aluminum and die casting manufacturing and sales
Ikuno Co.(Japan)	Secondary aluminum alloy bullion manufacturing and sales
Ryobi Power Tool Co.(Japan)	Power tools and lawn and garden equipment manufacturing
Ryobi Die Casting(USA), Inc.(U.S.A.)	Die casting manufacturing and sales
RDCM, S.de R.L.de C.V.(Mexico)	Die casting manufacturing
Ryobi Aluminium Casting(UK), Limited(U.K.)	Die casting manufacturing and sales
Ryobi Die Casting Dalian Co., Ltd.(P.R.C.)	Die and die casting manufacturing and sales
Ryobi Die Casting Changzhou Co., Ltd.(P.R.C.)	Die and die casting manufacturing and sales
Ryobi Dalian Machinery Co., Ltd.(P.R.C.)	Power tools, lawn and garden equipment and builders' hardware manufacturing and sales

SHAREHOLDER INFORMATION

Number of Shares Issued
(As of March 31, 2011)

171,230,715 shares

Stock listing
Tokyo Stock Exchange

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

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