

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the Fiscal Year Ended March 31, 2011****1. Consolidated Balance Sheets**

	(Millions of yen)	
	March 31, 2010	March 31, 2011
ASSETS		
Current assets:		
Cash and deposits	15,154	14,548
Notes and accounts receivable	31,244	34,232
Marketable securities	10,362	9,012
Finished products and purchased goods	12,569	12,106
Work in process	8,120	8,921
Raw materials and supplies	5,815	6,114
Deferred tax assets	1,320	1,194
Other current assets	2,499	3,518
Allowance for doubtful accounts	(40)	(37)
Total current assets	87,047	89,610
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	19,148	18,474
Machinery and equipment (net)	24,023	21,190
Land	21,667	21,628
Leased assets (net)	896	528
Construction in progress	5,101	3,330
Other fixed assets (net)	3,000	2,771
Total property, plant and equipment	73,837	67,923
Intangible fixed assets:		
Other intangible fixed assets	1,077	992
Total intangible fixed assets	1,077	992
Investments and other assets:		
Investment in securities	8,804	8,358
Deferred tax assets	1,274	1,338
Other	1,992	2,429
Allowance for doubtful accounts	(117)	(76)
Total investments and other assets	11,953	12,050
Total fixed assets	86,868	80,966
Total assets	173,916	170,577

	(Millions of yen)	
	March 31, 2010	March 31, 2011
LIABILITIES		
Current liabilities:		
Notes and accounts payable	25,475	28,357
Short-term borrowings	31,509	25,404
Current portion of long-term debt	13,364	10,118
Lease obligations	402	245
Income taxes payable	342	2,165
Accrued bonuses	850	1,613
Accrued bonuses to directors	-	20
Other current liabilities	6,855	8,555
Total current liabilities	<u>78,801</u>	<u>76,480</u>
Long-term liabilities:		
Long-term debt	16,364	12,878
Lease obligations	566	326
Deferred tax liabilities	330	171
Deferred tax liabilities for revaluation	674	674
Accrued severance indemnities	6,988	6,633
Liabilities from application of equity method	412	409
Other long-term liabilities	1,781	1,785
Total long-term liabilities	<u>27,118</u>	<u>22,879</u>
Total liabilities:	<u>105,920</u>	<u>99,360</u>
NET ASSETS		
Shareholders' equity:		
Common stock	18,472	18,472
Capital surplus	23,750	23,750
Retained earnings	35,007	39,601
Treasury stock	(2,354)	(2,360)
Total shareholders' equity	<u>74,874</u>	<u>79,463</u>
Accumulated other comprehensive loss:		
Unrealized gain on available-for-sale securities	2,157	1,871
Deferred loss on derivatives under hedge accounting	(32)	(32)
Land revaluation reserve	626	626
Foreign currency translation adjustments	(10,517)	(11,700)
Total accumulated other comprehensive loss	<u>(7,766)</u>	<u>(9,235)</u>
Minority interests		
Total net assets	<u>67,995</u>	<u>71,217</u>
Total liabilities and net assets	<u>173,916</u>	<u>170,577</u>

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

(1) Consolidated Statements of Operations

(Millions of yen)

	Fiscal Year 2010 Ended March 31, 2010	Fiscal Year 2011 Ended March 31, 2011
Net sales	125,940	161,730
Cost of sales	108,081	132,728
Gross profit	17,859	29,001
Selling, general and administrative expenses	18,784	20,716
Operating income (loss)	(925)	8,285
Non-operating income		
Interest income	97	33
Dividends income	93	120
Rent income	488	451
Exchange gain	328	-
Gain on sale of scrap	109	137
Cash dividends for insurance	-	133
Miscellaneous income	433	300
Total non-operating income	1,552	1,176
Non-operating expenses		
Interest expenses	1,285	1,094
Cash discounts	151	178
Loss on abandonment of inventories	48	96
Depreciation	332	196
Exchange losses	-	264
Miscellaneous expenses	121	190
Total non-operating expenses	1,939	2,022
Ordinary income (loss)	(1,312)	7,438
Extraordinary income		
Gain on sale of fixed assets	13	191
Reversal of allowance for doubtful accounts	-	1
Gain on negative goodwill	-	22
Total extraordinary income	13	216
Extraordinary losses		
Loss on disposal of fixed assets	139	280
Loss on devaluation of investment in securities	3	40
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	29
Total extraordinary losses	143	349
Income (loss) before income taxes and minority interests	(1,442)	7,305
Income taxes		
Current	475	2,367
Deferred	(354)	220
Total income taxes	120	2,588
Income before gain on minority interests	-	4,717
Gain on minority interests	38	123
Net income (loss)	(1,601)	4,594

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2010 Ended March 31, 2010	Fiscal Year 2011 Ended March 31, 2011
Income before gain on minority interests	–	4,717
Other comprehensive loss		
Unrealized gain on available-for-sale securities	–	(282)
Deferred loss on derivatives under hedge accounting	–	(0)
Foreign currency translation adjustments	–	(1,183)
Share of other comprehensive loss of associates accounted for using equity method	–	(0)
Total other comprehensive loss	–	(1,466)
Comprehensive income	–	3,250
Comprehensive income attributable to:		
Owners of the parent	–	3,125
Minority interests	–	125

3. Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	Fiscal Year 2010 Ended March 31, 2010	Fiscal Year 2011 Ended March 31, 2011
Shareholders' equity		
Common stock		
Balance at beginning of year	18,472	18,472
Changes of items during the year		
Total changes of items during the year	-	-
Balance at end of year	18,472	18,472
Capital surplus		
Balance at beginning of year	23,750	23,750
Changes of items during the year		
Disposal of treasury stock	-	0
Total changes of items during the year	-	0
Balance at end of year	23,750	23,750
Retained earnings		
Balance at beginning of year	36,608	35,007
Changes of items during the year		
Net income (loss)	(1,601)	4,594
Total changes of items during the year	(1,601)	4,594
Balance at end of year	35,007	39,601
Treasury stock		
Balance at beginning of year	(2,354)	(2,354)
Changes of items during the year		
Acquisition of treasury stock	(0)	(5)
Disposal of treasury stock	-	0
Total changes of items during the year	(0)	(5)
Balance at end of year	(2,354)	(2,360)
Total shareholders' equity		
Balance at beginning of year	76,476	74,874
Changes of items during the year		
Net income (loss)	(1,601)	4,594
Acquisition of treasury stock	(0)	(5)
Disposal of treasury stock	-	0
Total changes of items during the year	(1,601)	4,588
Balance at end of year	74,874	79,463

	(Millions of yen)	
	Fiscal Year 2010 Ended March 31, 2010	Fiscal Year 2011 Ended March 31, 2011
Accumulated other comprehensive loss		
Unrealized gain on available-for-sale securities		
Balance at beginning of year	1,088	2,157
Changes of items during the year		
Net changes of items other than shareholders' equity	1,068	(285)
Total changes of items during the year	1,068	(285)
Balance at end of year	2,157	1,871
Deferred losses on derivatives under hedge accounting		
Balance at beginning of year	(35)	(32)
Changes of items during the year		
Net changes of items other than shareholders' equity	3	(0)
Total changes of items during the year	3	(0)
Balance at end of year	(32)	(32)
Land revaluation reserve		
Balance at beginning of year	626	626
Changes of items during the year		
Total changes of items during the year	-	-
Balance at end of year	626	626
Foreign currency translation adjustments		
Balance at beginning of year	(10,982)	(10,517)
Changes of items during the year		
Net changes of items other than shareholders' equity	464	(1,183)
Total changes of items during the year	464	(1,183)
Balance at end of year	(10,517)	(11,700)
Total accumulated other comprehensive loss		
Balance at beginning of year	(9,303)	(7,766)
Changes of items during the year		
Net changes of items other than shareholders' equity	1,536	(1,469)
Total changes of items during the year	1,536	(1,469)
Balance at end of year	(7,766)	(9,235)
Minority interests		
Balance at beginning of year	833	887
Changes of items during the year		
Net changes of items other than shareholders' equity	54	101
Total changes of items during the year	54	101
Balance at end of year	887	989

	(Millions of yen)	
	Fiscal Year 2010 Ended March 31, 2010	Fiscal Year 2011 Ended March 31, 2011
Total net assets		
Balance at beginning of year	68,006	67,995
Changes of items during the year		
Net income (loss)	(1,601)	4,594
Acquisition of treasury stock	(0)	(5)
Disposal of treasury stock	-	0
Net changes of items other than shareholders' equity	1,591	(1,367)
Total changes of items during the year	(10)	3,221
Balance at end of year	67,995	71,217

4. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal Year 2010 Ended March 31, 2010	Fiscal Year 2011 Ended March 31, 2011
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(1,442)	7,305
Depreciation and amortization	12,429	11,339
Decrease in allowance for doubtful accounts	(3)	(44)
Increase (decrease) in reserve for bonuses	(24)	762
Increase (decrease) in accrued severance indemnities	371	(354)
Interest and dividends income	(191)	(153)
Interest expenses	1,285	1,094
Loss on devaluation of investment in securities	3	40
Loss on sale or disposal of fixed assets	126	90
Increase in notes and accounts receivable	(4,983)	(3,461)
Decrease (increase) in inventories	2,774	(985)
Increase in other current assets	(184)	(814)
Increase in notes and accounts payable	5,234	3,225
Other increases in current liabilities	296	720
Other	(166)	339
Subtotal	15,524	19,104
Interest and dividends received	190	157
Interest paid	(1,323)	(1,108)
Income taxes (paid) refund	1,917	(684)
Net cash provided by operating activities	16,308	17,468
Cash flows from investing activities:		
Payment for purchases of property, plant and equipment	(8,169)	(7,646)
Proceeds from sale of property, plant and equipment	32	324
Payment for purchases of marketable securities	(1,840)	(3,837)
Proceeds from sale of marketable securities	1,840	3,837
Payment for purchase of investment in securities	(52)	(19)
Payment for time deposits	(2,715)	(2,714)
Proceeds from repayment of time deposits	3,719	2,836
Other	(116)	(186)
Net cash used in investing activities	(7,301)	(7,406)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(1,471)	(5,238)
Proceeds from long-term debt	10,558	7,163
Repayment of long-term debt	(6,538)	(13,250)
Acquisition of treasury stock	(0)	(5)
Proceeds from sale of treasury stock	-	0
Other	(401)	(405)
Net cash provided by (used in) financing activities	2,146	(11,736)
Foreign currency translation adjustments on cash and cash equivalents	81	(159)
Net increase (decrease) in cash and cash equivalents	11,235	(1,834)
Cash and cash equivalents at beginning of year	12,084	23,319
Cash and cash equivalents at end of year	23,319	21,485

5. Segment Information

(1) For the Fiscal Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

a. Industry Segment Information

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	86,139	18,101	21,699	125,940	-	125,940
(2) Intersegment	124	-	2	126	(126)	-
Total	86,263	18,101	21,701	126,066	(126)	125,940
Operating Costs and Expenses	87,078	19,492	20,419	126,991	(126)	126,865
Operating Income (Loss)	(815)	(1,391)	1,281	(925)	0	(925)
Total Assets	97,227	24,908	22,961	145,097	28,818	173,916
Depreciation and Amortization	10,860	819	748	12,429	-	12,429
Capital Expenditure	6,425	120	512	7,058	-	7,058

Notes:

Main products of each industry segment:

Die Castings: die cast product and aluminum cast for automobile parts and others

Printing Equipment: offset printing presses, peripherals, etc.

Power Tools and Builders' Hardware: power tools, lawn and garden equipment, door closers, etc.

b. Overseas Sales

(Millions of yen)

	The Americas	Europe	Other	Total
Overseas Sales	17,644	5,352	8,671	31,668
Consolidated Net Sales				125,940
Ratio of Overseas Sales to Consolidated Net Sales (%)	14.0	4.2	6.9	25.1

Note: Net sales are classified by country and region based on customer location.

(2) For the Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

a. Industry Segment Information

(Millions of yen)

	Die Castings	Printing Equipment	Power Tools and Builders' Hardware	Total	Eliminations / Corporate	Consolidated
Net Sales:						
(1) Unaffiliated Customers	118,192	19,679	23,858	161,730	-	161,730
(2) Intersegment	115	-	2	117	(117)	-
Total	118,307	19,679	23,860	161,847	(117)	161,730
Operating Income (Loss)	7,291	(936)	1,930	8,285	0	8,285
Total Assets	99,062	23,098	23,800	145,961	24,615	170,577
Depreciation and Amortization	9,928	699	711	11,339	-	11,339
Capital Expenditure	8,451	145	452	9,048	-	9,048

Notes:

Main products of each industry segment:

Die Castings: die cast product and aluminum cast for automobile parts and others

Printing Equipment: offset printing presses, peripherals, etc.

Power Tools and Builders' Hardware: power tools, lawn and garden equipment, door closers, etc.

b. Information by Region

(a) Net Sales

(Millions of yen)

Japan	The Americas	Other	Total
113,643	29,217	18,870	161,730

Note: Net sales are classified by country and region based on customer location.

(b) Property, plant and equipment

(Millions of yen)

Japan	The Americas	Asia	Other	Total
47,580	8,917	8,229	3,196	67,923