RYOBI

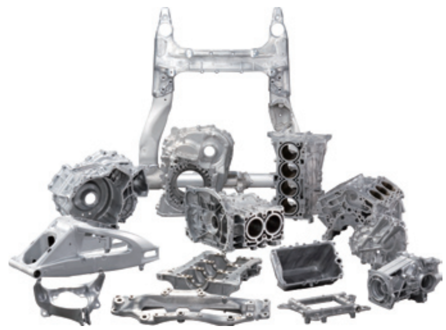
ANNUAL REPORT

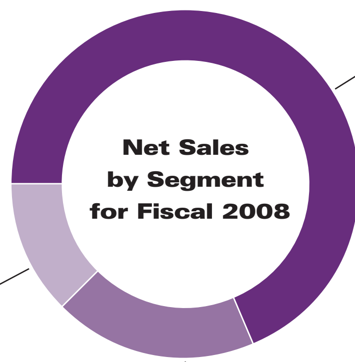
For the year ended March 31, 2008

2008

PROFILE

Since its establishment as a die casting manufacturer in December 1943, Ryobi Limited has accumulated innovative technologies by manufacturing components for automobiles, electronics, telecommunications and other industries. Ryobi has leveraged these technologies and drawn on its experience to diversify into the manufacture of printing equipment, power tools and builders' hardware. Ryobi is all around you, making an enjoyable, comfortable daily lifestyle possible.





68.7%

DIE CASTINGS

As a world-leading die casting manufacturer, Ryobi supplies various industries with die cast products, such as automobile components, including cylinder blocks and transmission cases.

12.3%

POWER TOOLS AND BUILDERS' HARDWARE

Ryobi provides an extensive range of power tools and lawn and garden equipment for both professional and do-it-yourself needs, as well as such builders' hardware as our mainstay door closers, which offer enhanced safety and comfort for homes and offices.

19.0%

PRINTING EQUIPMENT

Ryobi offers high-precision, multi-functional offset printing presses for fast and attractive results, and develops total printing systems for all stages of the printing process, from prepress to press and post-press.

CONTENTS

Forward-Looking Statements

Items containing forward-looking statements such as performance forecasts and future policies and strategies are based on the assumptions of management in light of the information available as of the end of the fiscal year under review and may involve various risks and uncertainties. The Ryobi Group cautions that its actual actions and performance may differ significantly from these forward-looking statements due to numerous factors outside of the Group's control such as, but not limited to, general economic conditions, the business environment, trends in market demand and foreign exchange rates.

CONSOLIDATED FINANCIAL HIGHLIGHTS

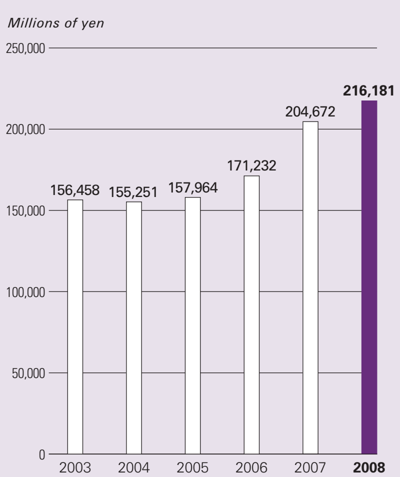
(For the years ended March 31, 2008, 2007 and 2006)

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2008	2007	2006	**2008**
For the fiscal period:				
Net sales	**¥ 216,181**	¥ 204,672	¥ 171,232	**$ 2,157,710**
Operating income	**14,235**	16,353	13,214	**142,080**
Net income	**8,208**	9,877	8,636	**81,924**
As of fiscal year-end:				
Total assets	**¥ 195,972**	¥ 202,529	¥ 177,865	**$ 1,956,004**
Total shareholders' equity	**76,845**	74,815	66,756	**766,993**

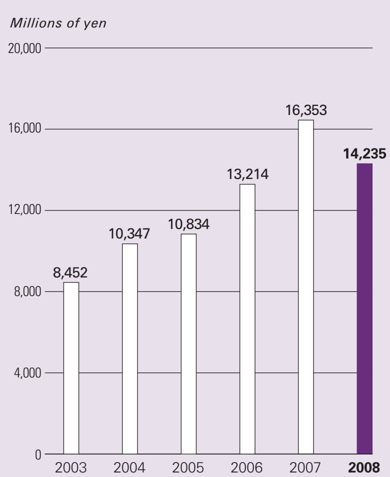
	Yen			U.S. dollars (Note 2)
Per share data:				
Net income	**¥ 49.07**	¥ 58.92	¥ 51.31	**$ 0.490**
Cash dividends	**12.00**	12.00	10.00	**0.120**

Notes: 1. Net income per share figures are based on the weighted average number of shares outstanding each year.
2. Yen amounts have been translated into U.S. dollars, solely for the convenience of the reader at ¥100.19=US$1, the exchange rate prevailing on March 31, 2008.

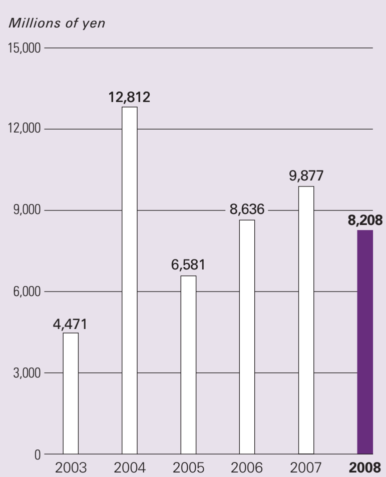
NET SALES

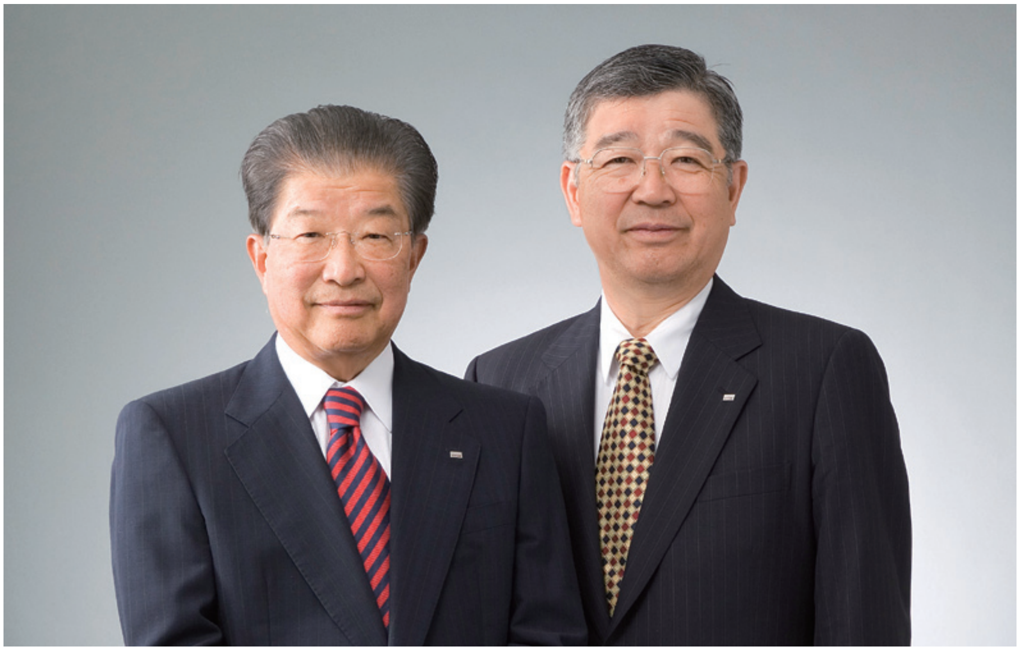


OPERATING INCOME



NET INCOME





Hiroshi Urakami
Chairman and CEO

Susumu Yoshikawa
President and COO

CREATE A SOUND AND DYNAMIC CORPORATION THROUGH TECHNOLOGY, TRUST AND CHALLENGE

Guided by its corporate philosophy, "Create a sound and dynamic corporation through technology, trust and challenge," the Ryobi Group aims to become established as an indispensable part of society by creating innovative, top-quality products and services that meet the needs of customers and society at large. Aiming to be a company of continuous growth and development maintained by an optimal mix of die castings and finished products, Ryobi continues to make every effort to reinforce market competitiveness and improve its earnings power.

From the perspective of corporate social responsibility, the Ryobi Group regards the implementation of its corporate philosophy as CSR promotion itself. As such, we are striving to thoroughly implement CSR endeavors through activities in such areas as environmental protection, social contribution and compliance with statutory regulations.

In fiscal 2008, ended March 31, 2008, capital expenditure increased and the employment situation improved in Japan. Nevertheless, concerns of an economic slowdown grew, fed by rising crude oil and raw materials prices as well as a fall in housing starts due to a revision in the building standards law. Notably, the strong yen and weak U.S. dollar rates have progressed sharply since early calendar 2008 because of disruptions in financial markets in the wake of the subprime loan problem. Amid growing concerns that the U.S. economy is moving into a recession, apprehension about the future is rising both at home and abroad.

Under these circumstances, the Ryobi Group has implemented various measures that include advancing aggressive marketing activities, developing new products responsive to customer needs, cutting costs and expenses, and increasing operational efficiency.

During fiscal 2008, Ryobi experienced increases in revenues while earnings decreased from the previous fiscal year. Consolidated net sales grew for the fourth consecutive year, rising 5.6% to ¥216.2 billion from the previous fiscal year. Domestic sales were up 4.1% from the previous fiscal year to ¥147.2 billion, and overseas net sales rose 9.1% to ¥69.0 billion. Revenues in all three business segments—Die Castings, Printing Equipment, and Power Tools and Builders' Hardware—expanded.

Regarding profits and losses, operating income decreased 13.0% to ¥14.2 billion while net income fell 16.9% to ¥8.2 billion compared with the previous fiscal year. Despite efforts to increase sales, reduce costs, improve productivity, Ryobi experienced lower earnings compared with the previous fiscal year due to the heavier burden of price increases in raw materials and depreciation.

Looking ahead to fiscal 2009, ending on March 31, 2009, there are various concerns including the high cost of crude oil and raw materials, a potential U.S. economic recession, and rapid fluctuations in exchange rates. Amid these severe operating conditions, the Ryobi Group will continue to improve its product development, production and marketing capabilities. At the same time, Ryobi aims to boost its market competitiveness and earnings power through redoubled efforts to enhance productivity and reduce costs.

As we exert ever-greater efforts to become a sound and dynamic corporation, we ask for your continued support and understanding.

June 2008

Hiroshi Urakami
Chairman and CEO

Susumu Yoshikawa
President and COO

DIE CASTINGS

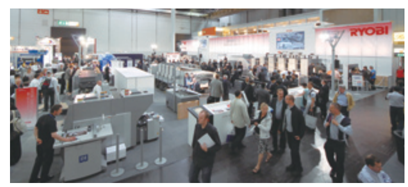
Aiming to strengthen production capacity and efficiency, Ryobi is continuing to augment equipment facilities. At the Hiroshima East Plant, a machining facility has been expanded and a casting facility has been established in order to consolidate production lines, from the casting through the machining stages. In addition, we completed a die fabrication facility at the Hiroshima East Plant in February 2008, which reinforces structures for die maintenance and storage, as well as assembly and delivery of new dies. Regarding developments overseas, Mexico-based RDCM, S. de R.L. de C.V., established in April 2007, will commence commercial production of die cast products in August 2008.

Hiroshima East Plant (the die casting facilities are on the right)

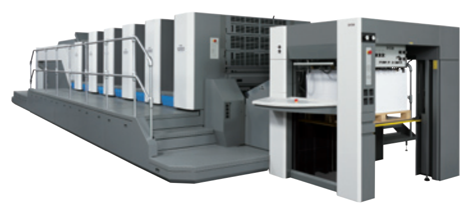
PRINTING EQUIPMENT

In March 2008, Ryobi announced the development of the RYOBI 1050 Series B1-Size High-Speed Multi-Color Offset Presses, aiming to launch this product as a major new entrant in the large-sized offset printing press business. At drupa 2008, the largest exhibition of printing equipment in the world held in Germany over May and June 2008, Ryobi presented the 5-color RYOBI 1050-5 (from the same series). Drawing the attention of an international array of visitors, the RYOBI 1050 Series has captured customer attention ahead of its December release.

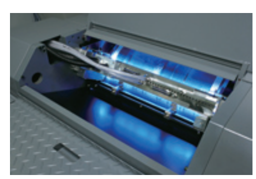
Also featured at drupa 2008, the LED-UV Printing System, which is the first in the world to be developed for offset printing presses, was displayed as a reference exhibit. Visitors appreciated the power savings, reduced environmental load, as well as improvements in productivity expected from changing the UV curing unit light source to LED.



Scene from drupa 2008



B1-Size High-Speed 5-Color Offset Press RYOBI 1050-5



LED-UV Printing System

POWER TOOLS AND BUILDERS' HARDWARE

Ryobi launched the BID-143 and BID-1440 cordless impact driver for professional use. The BID-143 and BID-1440 feature reduced hand fatigue thanks to a special gel incorporated into the handle that absorbs vibrations, shock and heat. Lightweight and compact, both of these products have powerful screw tightening and superior drilling capabilities.

In the builder's hardware sector, Ryobi launched the SL-2 AQ sliding door closer, which opens and closes smoothly even in such high-temperature and high-humidity environments as bathrooms. This product features a closing speed adjustment device that delivers a consistent performance even in high-temperature environments, and special materials and surface finishing that have superior corrosion resistance.

Cordless impact driver BID-143

Sliding door closer SL-2 AQ

CORPORATE SOCIAL RESPONSIBILITY

In line with its corporate philosophy, "Create a sound and dynamic corporation through technology, trust and challenge," Ryobi carries out its CSR activities with the aim of creating sustainable corporate value and a better society. This attitude is fundamental to the general management of the Ryobi Group. Beyond simply pursuing profits through fair competition, Ryobi aims to be a well-liked, trustworthy company that is perceived to be indispensable to society at large.

ENVIRONMENTAL PROTECTION ACTIVITIES

Within the Ryobi Group, 17 facilities in 13 companies have ISO 14001 certification, the international standard for environmental management systems as of June 2008. Each company and facility is taking action against environmental burden by setting environmental targets and objectives, exerting efforts to conserve energy and resources, and reducing waste and greenhouse gasses.

SOCIAL CONTRIBUTION ACTIVITIES

In fiscal 2008 the Ryobi Social Contribution Foundation, a nonprofit organization, provided material donations to social welfare councils in 11 locations and monetary donations to assist the activities of eight volunteer groups. In addition, Ryobi and its Chinese Group Companies provided a monetary donation of 800,000 Yuan (¥12 million) to help victims of the severe earthquake which occurred in Sichuan Province, China in May 2008, as well as to assist in subsequent reconstruction efforts.

CORPORATE GOVERNANCE STRUCTURE

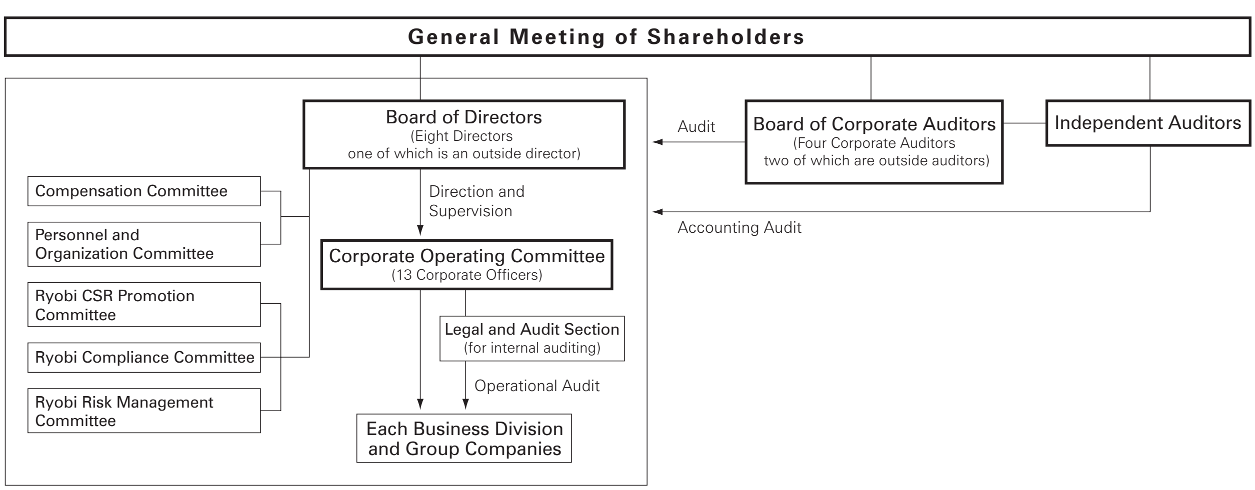
In order to foster and develop ourselves in accordance with our corporate philosophy while carrying out CSR, it is important to structure and implement a corporate governance system that is appropriate for Ryobi.

Regarding the management structure, the Board of Directors is composed of eight directors, including one outside director. Under the corporate officer system, introduced in June 2000, six of the current 13 corporate officers are directors. In addition, Ryobi has adopted a corporate auditor system.

The Board of Directors implements decision-making related to important matters and supervises the execution of operations. The Corporate Operating Committee, composed primarily of corporate officers, reviews the progress of the execution of operations. Under the Board of Directors, Ryobi established a committee to decide on matters related to compensation, a committee that focuses on personnel and organization related matters, as well as committees to thoroughly promote CSR implementation, compliance and risk management. These committees serve to reinforce corporate governance structures.

By promoting upgrades internal control systems, Ryobi aims to ensure business performance and appropriate operations in accordance with statutory regulations and the Company's Articles of Incorporation.

Ryobi continues its efforts to establish a better corporate structure with an eye on social trends, complying with relevant rules and regulations.



FISCAL PERIOD COMPARATIVE SUMMARY

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31)

	Millions of yen					
	2008	2007	2006	2005	2004	2003
For the fiscal period:						
Net sales	**¥216,181**	¥204,672	¥171,232	¥157,964	¥155,251	¥156,458
Cost of sales	**177,529**	164,520	135,088	125,157	123,749	126,536
Gross profit	**38,652**	40,152	36,144	32,807	31,502	29,922
Selling, general and administrative expenses	**24,417**	23,799	22,930	21,973	21,155	21,470
Operating income	**14,235**	16,353	13,214	10,834	10,347	8,452
Income taxes	**5,442**	6,353	4,206	3,902	3,608	1,504
Net income	**8,208**	9,877	8,636	6,581	12,812	4,471
As of fiscal year-end:						
Total assets	**¥195,972**	¥202,529	¥177,865	¥157,420	¥160,574	¥165,487
Total shareholders' equity	**76,845**	74,815	66,756	55,294	50,040	38,366
Interest-bearing debt	**45,157**	38,331	39,823	44,502	53,638	69,731
	Yen					
Per share data:						
Net income	**¥ 49.07**	¥ 58.92	¥ 51.31	¥ 39.33	¥ 76.40	¥ 26.26
Shareholders' equity	**460.79**	445.93	398.35	330.62	299.05	227.84
Cash dividends	**12.00**	12.00	10.00	7.50	7.50	—
	%					
Other data:						
Operating income margin	**6.6**	8.0	7.7	6.9	6.7	5.4
Net income margin	**3.8**	4.8	5.0	4.2	8.3	2.9
Return on assets (ROA)	**4.1**	5.2	5.2	4.1	7.9	2.7
Return on equity (ROE)	**10.8**	14.0	14.2	12.5	29.0	12.5
Shareholders' equity ratio	**39.2**	36.9	37.5	35.1	31.2	23.2
Asset turnover ratio (times)	**1.08**	1.08	1.02	0.99	0.95	0.95
	Millions of yen					
Capital expenditure	**¥ 15,342**	¥ 20,385	¥ 11,232	¥ 7,595	¥ 5,773	¥ 4,117
Depreciation and amortization	**10,058**	8,196	6,067	5,439	5,201	5,631
Free cash flow	**(10,816)**	4,418	7,196	8,076	15,773	12,027
Number of employees (persons)	**5,763**	5,625	5,464	5,334	5,364	5,669

Notes: 1. Net income per share figures are based on the weighted average number of shares outstanding each year.
2. Cash dividends per share are the amounts applicable to the respective years, including dividends to be paid after the end of the year.

ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

(1) Summary of Significant Accounting Policies

The consolidated financial statements of the Ryobi Group have been prepared in conformity with accounting principles generally accepted in Japan. The financial statements of overseas subsidiaries have been prepared in conformity with accounting principles generally accepted in each country, respectively.

(2) Analysis of Operating Results for the Fiscal Year Ended March 31, 2008

Net Sales

Ryobi's net sales increased across all business categories, namely the Die Castings, Printing Equipment, and Power Tools and Builders' Hardware Businesses.

Ryobi's Die Castings Business experienced an increase in revenues owing to strong demand from American and domestic automobile manufacturers. In the Printing Equipment Business, revenues increased owing to healthy overseas sales in Asia, etc. despite a decrease in domestic sales. In the Power Tools and Builders' Hardware Business, sales of both power tools and builders' hardware contributed to a slight increase in revenues.

As a result, consolidated net sales for the fiscal year under review swelled 5.6% compared to the previous fiscal year, to ¥216,181 million.

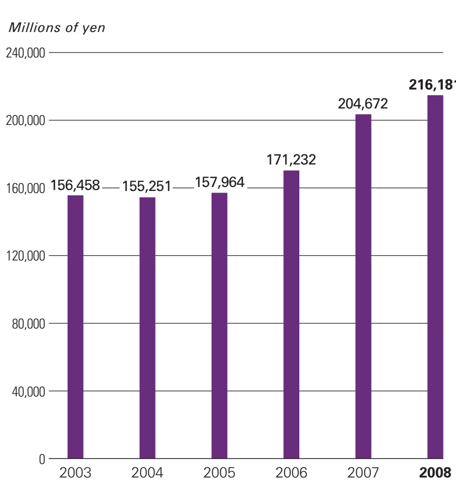
Operating Income

Despite Ryobi's efforts to increase net sales, reduce input costs, enhance productivity, and so forth, high raw material costs and an increase in depreciation translated into a decrease in operating income, bringing the ratio of operating income to net sales to 6.6% in the fiscal year under review.

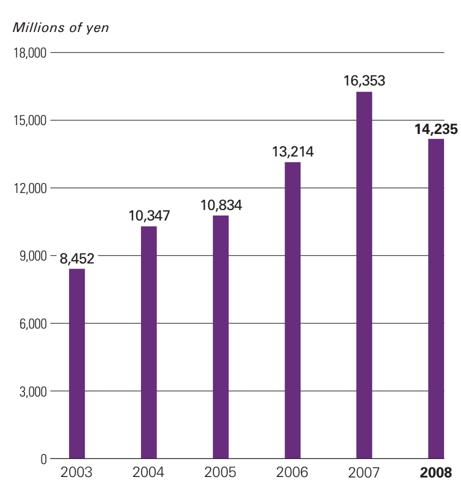
By business segment, earnings fell in the Die Castings Business due to falling prices, high raw material costs, an increase in depreciation, and so forth. In the Printing Equipment Business earnings were also down, specifically owing to a decrease in domestic sales and high raw material costs. Earnings in the Power Tools and Builders' Hardware Business slumped as well, owing to inflated raw material prices, despite showing an increase in sales.

As a result, operating income decreased 13.0% year on year, to ¥14,235 million.

NET SALES



OPERATING INCOME



Net Income

Although other income contracted overall due to a decrease in gain on the sale of investment securities and so forth, other expenses from retirement benefit payments to directors, etc. also decreased.

As a result, consolidated net income for the period fell 16.9%, to ¥8,208 million.

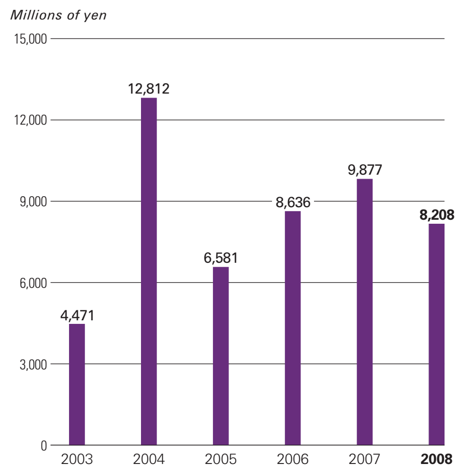
Operating Results by Business Segment

Die Castings

Sales in the Die Castings Business rose 7.2% year on year, to ¥148,596 million, although operating income fell 12.8% to ¥7,645 million. The ratio of operating income to net sales dropped to 5.1% compared with 6.3% in the previous fiscal year.

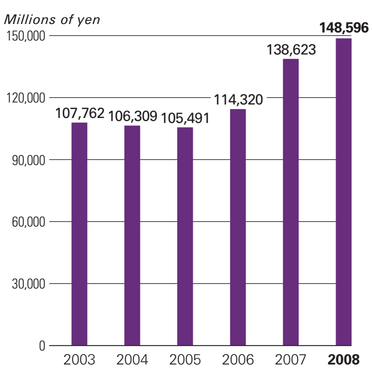
Ryobi's Die Castings Business experienced robust sales to American and domestic automobile manufacturers in the fiscal year under review. On the earnings front, despite cost-cutting measures and a rise in sales, ongoing price drops and inflated raw material prices, along with an increase in depreciation, overall operating income decreased.

NET INCOME

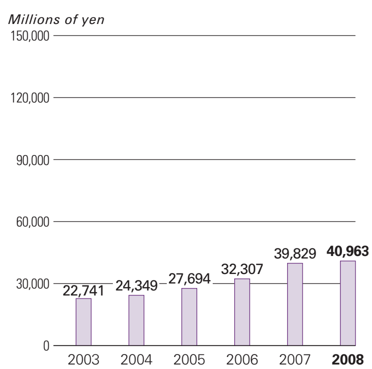


NET SALES BY BUSINESS SEGMENT

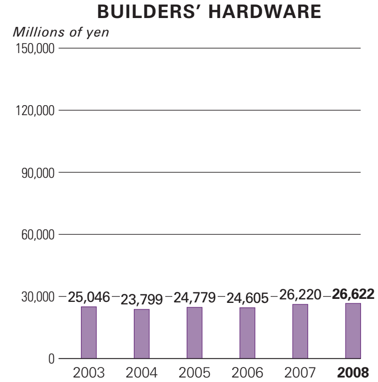
DIE CASTINGS



PRINTING EQUIPMENT

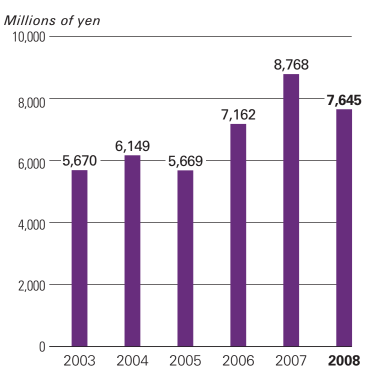


POWER TOOLS AND BUILDERS' HARDWARE

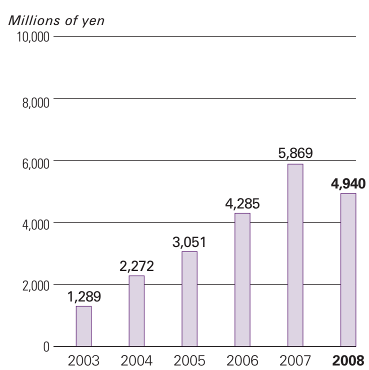


OPERATING INCOME BY BUSINESS SEGMENT

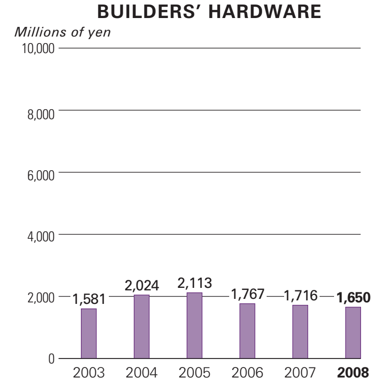
DIE CASTINGS



PRINTING EQUIPMENT



POWER TOOLS AND BUILDERS' HARDWARE



Printing Equipment

Sales in the Printing Equipment Business rose 2.8% year on year, to ¥40,963 million. However, operating income fell 15.8% to ¥4,940 million, resulting in a ratio of operating income to net sales of 12.1%, down from 14.7% in the previous fiscal year.

Sales increased owing to healthy overseas sales in Asia, etc. despite a decrease in domestic sales. On the earnings front, profits fell due to a decrease in domestic sales and high raw material costs in spite of steady exports.

Power Tools and Builders' Hardware

Sales rose 1.5% year on year, to ¥26,622 million, while operating income edged down 3.8%, to ¥1,650 million and resulted in a decrease in the ratio of operating income to net sales from 6.5% to 6.2%.

Under pressures from intensifying competition, profits waned, despite growth in sales of both power tools and builders' hardware.

(3) Analysis of Capital Resources and Liquidity

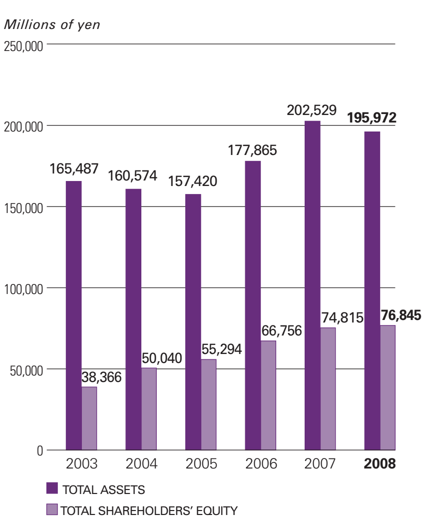
Total Assets, Liabilities and Equity

Total assets as of March 31, 2008, decreased ¥6,557 million compared with the previous fiscal year, to ¥195,972 million. A major factor contributing to this decrease was, specifically, a decrease in cash and cash equivalents of ¥7,473 million. The major reason for this increase was in the fixed assets category, property, plant and equipment, of ¥4,135 million.

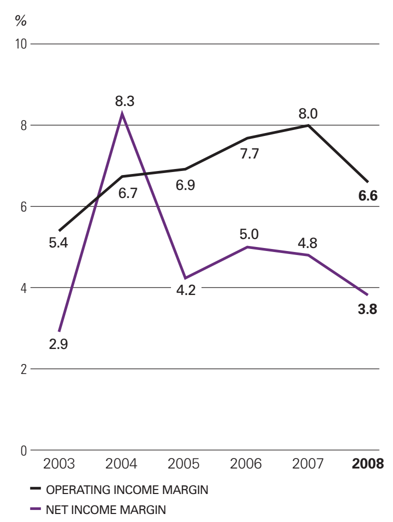
Total liabilities fell ¥8,518 million, year on year, to ¥118,253 million, owing to a decrease in notes and accounts payable. Interest-bearing debt, excluding discounted notes receivable, increased ¥6,826 million compared with the same period a year earlier, to ¥45,157 million as of the end of the March 31, 2008.

Equity amounted to ¥77,719 million, reflecting a boost from net income of ¥8,208 million and decrease in line with the payment of dividends, etc. After the deduction of minority interests from equity, total shareholders' equity came to ¥76,845 million, bringing the shareholders' equity ratio to 39.2%.

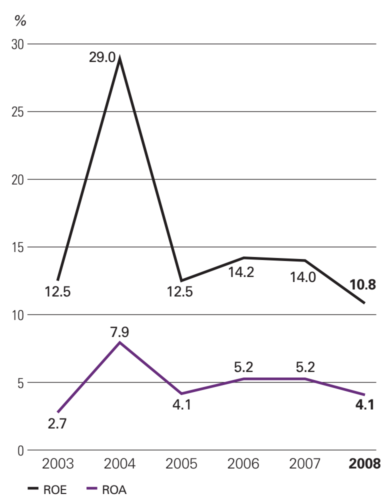
TOTAL ASSETS & TOTAL SHAREHOLDERS' EQUITY



OPERATING INCOME MARGIN & NET INCOME MARGIN



ROE & ROA



Liquidity

The Ryobi Group's free cash flow (the sum of net cash from operating activities and net cash from investing activities) decreased ¥15,234 million, from ¥4,418 million in the previous fiscal year to ¥ (10,816) million. This was largely the result of a ¥14,285 million decrease in net cash provided by operating activities as a reflection of the decrease in notes and accounts payable.

In net cash used in financing activities, debt financing and other items increased ¥8,704 million year on year, owing to increased capital expenditure.

The Ryobi Group promotes a financial strategy focused on the adequate positioning of its cash flows, while also taking into consideration overall investment efficiency. As such, Ryobi maintains a fundamental policy of utilizing cash generated from operating activities as the primary source of its capital expenditure.

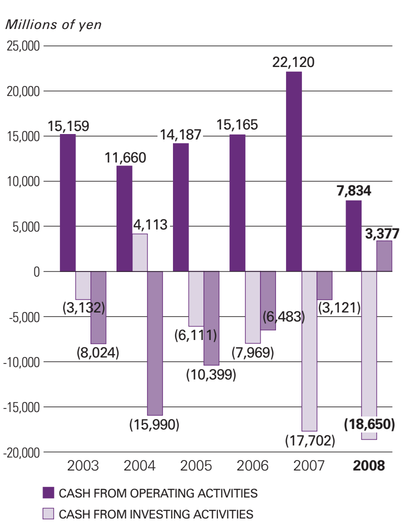
Major cash flow indicators and trends are summarized in the following table:

	2008	2007
Shareholders' equity ratio (%)	39.2	36.9
Shareholders' equity ratio at fair market value (%)	32.1	78.6
Interest-bearing debt—repayment years	5.8	1.7
Interest coverage ratio (times)	6.9	28.5

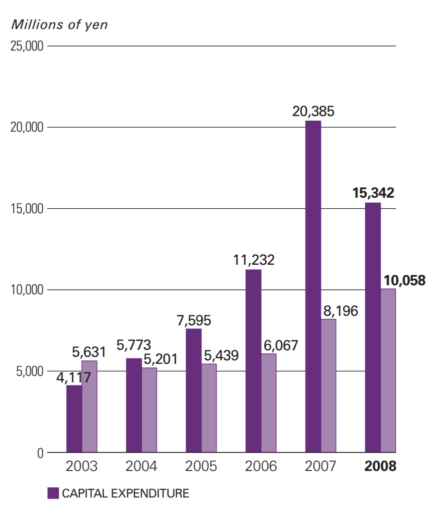
Notes: Shareholders' equity ratio: Shareholders' equity / total assets
Shareholders' equity ratio at fair market value: Shareholders' equity at fair market value / total assets
Interest-bearing debt—repayment years: Interest-bearing debt / net cash from operating activities
Interest coverage ratio: Net cash from operating activities / interest payment

1. Each of the indicators identified in the preceding table is calculated based on figures from Ryobi's consolidated financial statements.
2. Fair market value is calculated using the closing market price of Ryobi's publicly listed shares as of the fiscal year-end multiplied by the number of common shares issued and outstanding (excluding treasury stock).
3. Interest-bearing debt includes all liabilities, which incur interest in connection with liabilities listed on Ryobi's consolidated balance sheet.
4. Net cash from operating activities is taken from Ryobi's consolidated statements of cash flows.
5. Interest payment is the amount of interest paid and is taken from Ryobi's consolidated statements of cash flows.

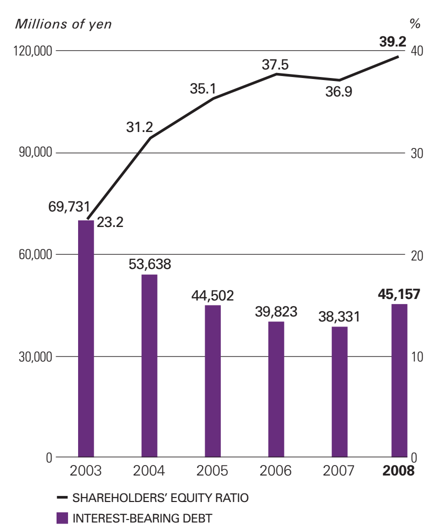
CASH FLOW



CAPITAL EXPENDITURE & DEPRECIATION AND AMORTIZATION



SHAREHOLDERS' EQUITY RATIO & INTEREST-BEARING DEBT



(4) Business Segment Strategy

Die Castings

Ryobi is making concerted efforts to expand orders and sales in the Die Castings Business by further developing high-quality, high-value-added products, reinforcing its technology development capabilities and maximizing the application of its manufacturing systems in Japan, the Americas, Europe and China. Additional efforts to reinforce its global strategic structure were realized in April 2007, with the establishment of a new production site in Mexico. The facility will be in operation in August 2008. Furthermore, Ryobi will unite manufacturing and sales divisions at home and overseas to curtail costs and enhance productivity.

In the automobile-related sector, Ryobi will strengthen its technical capabilities in response to demands for lighter-weight vehicles by making aluminum die-casting power train components and frames. Simultaneously, Ryobi will reinforce its responsiveness to large-scale orders and production that requires machining.

Ryobi will likewise work to uncover new opportunities and cultivate demand in fields unrelated to the automobile sector, including the electronics and communications industries and fields with requirements for advanced recyclability.

Printing Equipment

Pursuing high-precision, multicolor rendering and increasingly advanced functionality, Ryobi continues to enhance its development, production and marketing capabilities for new products in order to further consolidate its standing in the global market. Furthermore, Ryobi strives to expand its product lines to satisfy market needs through the development of environment-friendly products, as well as products that respond to advancements in information technology and digitization.

Also, in order to expand the production capacity of printing equipment, Ryobi doubled the capacity of a second on-site factory at its Hiroshima East Plant in April 2006 and further increased productivity by optimizing the production lines of the first and second factories.

Moreover, with the combination of technology and know-how accumulated in small- and medium-sized offset printing presses development, Ryobi has developed a high-speed, multi-color offset printing press (for B1 paper size), which will go on sale in December 2008. Thus Ryobi will launch full-fledged operations in the large-sized printing press business and enhance its sales.

Power Tools and Builders' Hardware

In the power tools business, which includes electric power tools, lawn and garden and other equipment, Ryobi offers products that meet a variety of demands from professionals to DIY enthusiasts. Ryobi will enhance its productivity by utilizing manufacturing systems in Japan and Dalian, China, as well as its product development system based on the concept of "small, lightweight and compact." In addition, Ryobi aims to enhance its competitiveness through efforts to foster product planning and marketing capabilities and boosting quality and productivity.

In the builders' hardware business, our mainstay door closers are manufactured mainly at the subsidiary in Dalian, China. By developing distinct products, increasing quality and productivity, promoting cost reduction through productivity enhancement and reinforcing price competitiveness, Ryobi is aiming for higher profitability.

Forward-Looking Statements

Items containing forward-looking statements such as performance forecasts and future policies and strategies are based on the assumptions of management in light of information available as of the end of the fiscal year under review and may involve various risks and uncertainties. The Ryobi Group cautions that its actual actions and performance may differ significantly from these forward-looking statements due to numerous factors outside of the Group's control such as, but not limited to, general economic conditions, business environment, trends in market demand and foreign exchange rates.

CONSOLIDATED BALANCE SHEETS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(As of March 31, 2008 and 2007)

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2008**	2007	**2008**
Current assets			
Cash and cash equivalents	**¥ 10,139**	¥ 17,612	**$ 101,198**
Time deposits (Note 7)	**2,301**	2,301	**22,966**
Notes and accounts receivable			
Trade	**43,291**	47,130	**432,089**
Unconsolidated subsidiaries and affiliates	**124**	129	**1,238**
Other	**2,575**	2,608	**25,701**
Allowance for doubtful accounts	**(62)**	(54)	**(619)**
Inventories (Note 5)	**41,856**	38,398	**417,766**
Deferred tax assets (Note 10)	**1,605**	2,161	**16,020**
Prepaid expenses and other	**342**	289	**3,413**
Total current assets	**102,171**	110,574	**1,019,772**
Property, plant and equipment (Notes 6 and 7)			
Land	**21,699**	21,326	**216,579**
Buildings and structures	**46,739**	44,402	**466,504**
Machinery and equipment	**105,897**	97,896	**1,056,961**
Construction in progress	**2,622**	2,227	**26,170**
Total	**176,957**	165,851	**1,766,214**
Accumulated depreciation	**(99,793)**	(92,822)	**(996,037)**
Net property, plant and equipment	**77,164**	73,029	**770,177**
Investments and other assets			
Investments in securities (Note 4)	**10,486**	12,897	**104,661**
Investments in and advances to unconsolidated subsidiaries and affiliates	**163**	360	**1,627**
Intangible fixed assets	**2,254**	1,990	**22,497**
Deferred tax assets (Note 10)	**1,712**	1,472	**17,088**
Other	**2,065**	2,253	**20,611**
Allowance for doubtful accounts	**(43)**	(46)	**(429)**
Total investments and other assets	**16,637**	18,926	**166,055**
Total	**¥195,972**	¥202,529	**$1,956,004**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2008	2007	Thousands of U.S. dollars (Note 1) 2008
Current liabilities			
Short-term borrowings (Note 7)	¥ 21,491	¥ 19,751	$ 214,502
Current portion of long-term debt (Note 7)	6,003	4,363	59,916
Notes and accounts payable			
Trade	43,239	49,634	431,570
Unconsolidated subsidiaries and affiliates	354	346	3,533
Other	8,000	11,302	79,849
Accrued expenses	4,420	4,946	44,116
Income taxes payable	2,049	5,093	20,451
Other current liabilities (Note 10)	3,510	3,623	35,034
Total current liabilities	89,066	99,058	888,971
Long-term liabilities			
Long-term debt (Note 7)	17,664	14,217	176,305
Accrued severance indemnities (Note 8)	6,320	6,549	63,080
Other long-term liabilities (Note 10)	5,203	6,947	51,932
Total long-term liabilities	29,187	27,713	291,317
Commitments and contingent liabilities (Notes 12, 13 and 14)			
Equity (Notes 9 and 16)			
Common stock			
Authorized: 500,000,000 shares			
Issued: 171,230,715 shares	18,472	18,472	184,370
Capital surplus	23,750	23,750	237,050
Retained earnings	39,235	34,044	391,606
Unrealized gain on available-for-sale securities	3,094	5,144	30,881
Deferred loss on derivatives under hedge accounting	(40)	(25)	(399)
Land revaluation reserve (Note 6)	626	626	6,248
Foreign currency translation adjustments	(6,867)	(6,464)	(68,540)
Treasury stock (4,462,347 shares in 2008; 3,457,735 shares in 2007)	(1,425)	(732)	(14,223)
Total	76,845	74,815	766,993
Minority interests	874	943	8,723
Total equity	77,719	75,758	775,716
Total	¥195,972	¥202,529	$1,956,004

CONSOLIDATED STATEMENTS OF INCOME

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2008 and 2007)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Net sales	**¥216,181**	¥204,672	**$2,157,710**
Cost of sales	**177,529**	164,520	**1,771,923**
Gross profit	**38,652**	40,152	**385,787**
Selling, general and administrative expenses	**24,417**	23,799	**243,707**
Operating income	**14,235**	16,353	**142,080**
Other income			
Interest and dividends	**263**	194	**2,625**
Gain on sales of investments in securities	**0**	772	**0**
Other	**1,458**	1,529	**14,552**
Total other income	**1,721**	2,495	**17,177**
Other expenses			
Interest	**1,120**	815	**11,179**
Loss on disposal of property, plant and equipment	**177**	347	**1,767**
Other	**1,020**	1,432	**10,180**
Total other expenses	**2,317**	2,594	**23,126**
Income before income taxes and minority interests	**13,639**	16,254	**136,131**
Income taxes (Note 10)			
Current	**5,317**	6,651	**53,069**
Deferred	**125**	(298)	**1,248**
Total income taxes	**5,442**	6,353	**54,317**
Minority interests in net income	**(11)**	24	**(110)**
Net income	**¥ 8,208**	¥ 9,877	**$ 81,924**

	Yen		U.S. dollars (Note 1)
Per share of common stock (Note 2(p))			
Net income	**¥ 49.07**	¥ 58.92	**$ 0.490**
Cash dividends applicable to the year (Note 16)	**12.00**	12.00	**0.120**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2008 and 2007)

	Thousands	Millions of yen				
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting
Balance at March 31, 2006	171,231	¥18,472	¥23,681	¥25,885	¥ 6,229	¥ —
Reclassified balance as of March 31, 2006	—	—	—	—	—	—
Net income	—	—	—	9,877	—	—
Cash dividends, ¥10.00 per share	—	—	—	(1,675)	—	—
Bonuses to directors and corporate auditors	—	—	—	(43)	—	—
Disposal of treasury stock (198,660 shares)	—	—	69	—	—	—
Purchase of treasury stock (8,243 shares)	—	—	—	—	—	—
Net change in the year	—	—	—	—	(1,085)	(25)
Balance at March 31, 2007	171,231	18,472	23,750	34,044	5,144	(25)
Net income	**—**	**—**	**—**	**8,208**	**—**	**—**
Cash dividends, ¥12.00 per share	**—**	**—**	**—**	**(3,017)**	**—**	**—**
Disposal of treasury stock (1,126 shares)	**—**	**—**	**0**	**—**	**—**	**—**
Purchase of treasury stock (1,005,738 shares)	**—**	**—**	**—**	**—**	**—**	**—**
Net change in the year	**—**	**—**	**—**	**—**	**(2,050)**	**(15)**
Balance at March 31, 2008	**171,231**	**¥18,472**	**¥23,750**	**¥39,235**	**¥ 3,094**	**¥(40)**
		Thousands of U.S. dollars (Note 1)				
Balance at March 31, 2007		$184,370	$237,050	$339,794	$ 51,342	$(250)
Net income		**—**	**—**	**81,924**	**—**	**—**
Cash dividends, ¥12.00 per share		**—**	**—**	**(30,112)**	**—**	**—**
Disposal of treasury stock (1,126 shares)		**—**	**0**	**—**	**—**	**—**
Purchase of treasury stock (1,005,738 shares)		**—**	**—**	**—**	**—**	**—**
Net change in the year		**—**	**—**	**—**	**(20,461)**	**(149)**
Balance at March 31, 2008		**$184,370**	**$237,050**	**$391,606**	**$ 30,881**	**$(399)**

	Millions of yen					
	Land revaluation reserve	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance at March 31, 2006	¥626	¥(7,370)	¥ (767)	¥66,756	¥ —	¥66,756
Reclassified balance as of March 31, 2006	—	—	—	—	941	941
Net income	—	—	—	9,877	—	9,877
Cash dividends, ¥10.00 per share	—	—	—	(1,675)	—	(1,675)
Bonuses to directors and corporate auditors	—	—	—	(43)	—	(43)
Disposal of treasury stock (198,660 shares)	—	—	42	111	—	111
Purchase of treasury stock (8,243 shares)	—	—	(7)	(7)	—	(7)
Net change in the year	—	906	—	(204)	2	(202)
Balance at March 31, 2007	626	(6,464)	(732)	74,815	943	75,758
Net income	**—**	**—**	**—**	**8,208**	**—**	**8,208**
Cash dividends, ¥12.00 per share	**—**	**—**	**—**	**(3,017)**	**—**	**(3,017)**
Disposal of treasury stock (1,126 shares)	**—**	**—**	**1**	**1**	**—**	**1**
Purchase of treasury stock (1,005,738 shares)	**—**	**—**	**(694)**	**(694)**	**—**	**(694)**
Net change in the year	**—**	**(403)**	**—**	**(2,468)**	**(69)**	**(2,537)**
Balance at March 31, 2008	**¥626**	**¥(6,867)**	**¥(1,425)**	**¥76,845**	**¥874**	**¥77,719**
	Thousands of U.S. dollars (Note 1)					
Balance at March 31, 2007	$6,248	$ (64,517)	$ (7,306)	$746,731	$9,412	$756,143
Net income	**—**	**—**	**—**	**81,924**	**—**	**81,924**
Cash dividends, ¥12.00 per share	**—**	**—**	**—**	**(30,112)**	**—**	**(30,112)**
Disposal of treasury stock (1,126 shares)	**—**	**—**	**10**	**10**	**—**	**10**
Purchase of treasury stock (1,005,738 shares)	**—**	**—**	**(6,927)**	**(6,927)**	**—**	**(6,927)**
Net change in the year	**—**	**(4,023)**	**—**	**(24,633)**	**(689)**	**(25,322)**
Balance at March 31, 2008	**$6,248**	**$ (68,540)**	**$ (14,223)**	**$766,993**	**$8,723**	**$775,716**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2008 and 2007)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Operating activities			
Income before income taxes and minority interests	**¥ 13,639**	¥ 16,254	**$136,131**
Adjustments for:			
Income taxes - paid	**(8,327)**	(5,054)	**(83,112)**
Depreciation and amortization	**10,058**	8,196	**100,389**
Loss on sales or disposals of property, plant and equipment	**158**	340	**1,577**
Changes in assets and liabilities			
Decrease (increase) in notes and accounts receivable	**3,706**	(4,720)	**36,989**
Increase in inventories	**(3,574)**	(6,368)	**(35,672)**
Decrease (increase) in notes and accounts payable	**(6,836)**	14,996	**(68,230)**
Decrease (increase) in accrued expenses	**(350)**	89	**(3,493)**
Other, net	**(640)**	(1,613)	**(6,388)**
Net cash provided by operating activities	**7,834**	22,120	**78,191**
Investing activities			
Purchase of property, plant and equipment	**(17,488)**	(18,672)	**(174,548)**
Proceeds from sale of property, plant and equipment	**73**	38	**729**
Other	**(1,235)**	932	**(12,327)**
Net cash used in investing activities	**(18,650)**	(17,702)	**(186,146)**
Financing activities			
Proceeds from long-term debt	**9,600**	5,218	**95,818**
Repayments of long-term debt	**(4,404)**	(6,713)	**(43,956)**
Increase (decrease) in short-term borrowings, net	**1,891**	(123)	**18,874**
Acquisition of treasury stock	**(694)**	(7)	**(6,927)**
Cash dividends paid	**(3,016)**	(1,676)	**(30,103)**
Other	**(0)**	180	**(0)**
Net cash provided by (used in) financing activities	**3,377**	(3,121)	**33,706**
Foreign currency translation adjustments on cash and cash equivalents	**(34)**	218	**(339)**
Net decrease (increase) in cash and cash equivalents	**(7,473)**	1,515	**(74,588)**
Cash and cash equivalents at beginning of year	**17,612**	16,097	**175,786**
Cash and cash equivalents at end of year	**¥ 10,139**	¥ 17,612	**$101,198**
Additional cash flow information			
Interest paid	**¥ 1,136**	¥ 775	**$ 11,338**

See notes to consolidated financial statements.

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 Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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 2007 consolidated financial statements to conform to the classifications used in 2008.

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

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 ¥100.19 to $1, the approximate rate of exchange at March 31, 2008. 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 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 Ltd. (Japan).

The number of consolidated subsidiaries and affiliates accounted for by the equity method as of March 31, 2008 and 2007 was as follows:

	2008	2007
Consolidated subsidiaries	17	15
Affiliates	2	3

The number of unconsolidated subsidiaries and affiliates not accounted for by the equity method as of March 31, 2008 and 2007 was as follows:

	2008	2007
Unconsolidated subsidiaries	3	3
Affiliates	0	0

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 except for such excess recorded in a US subsidiary which is treated in accordance with FAS142.

(b) 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.

(c) Inventories

Inventories are valued at cost for the Company and domestic subsidiaries and the lower of cost or market for foreign subsidiaries. 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.

(d) 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.

(e) 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. The range of useful lives is from 3 to 50 years for buildings and structures, and from 2 to 20 years for machinery and equipment.

Property, plant and equipment had been depreciated up to 95% of acquisition cost with 5% of residual value carried until previous fiscal years. However, such 5% portion of property, plant and equipment is systematically amortized over 5 years starting in the following year in which the carrying value of property, plant and equipment reaches 5% of the acquisition cost in accordance with the revised corporate tax law.

The effect of this treatment was to decrease operating income by ¥430 million ($4,292 thousand) and to decrease income before income taxes for the year ended March 31, 2008 by ¥461 million ($4,601 thousand).

(f) 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.

No impairment losses were recognized for the years ended March 31, 2008 and 2007.

(g) 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 ($90,748 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). The Company changed its period of amortization of unrecognized prior service cost and unrecognized net actuarial loss from primarily 15 years to 14 years in fiscal 2007 as the employees' remaining service period was shortened. The effect of this change was immaterial.

(h) Presentation of equity

On December 9, 2005, the Accounting Standards Board of Japan ("the ASBJ") published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

(i) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

(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" 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 be 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 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, 2008 and 2007.

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

(q) New accounting pronouncements

a. Measurement of Inventories

Under generally accepted accounting principles in Japan ("Japanese GAAP"), inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

b. Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

c. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Japanese GAAP, a company currently can use the financial statements of its foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, 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." The new standard 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 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) Actuarial gains and losses of defined benefit plans recognized outside profit or loss

(3) Capitalization of intangible assets arising from development phases

(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets

(5) Retrospective application when accounting policies are changed

(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. Accounting Change

a. Change in Depreciation Method for Buildings

Effective April 1, 2007, the Company adopted the straight-line method of depreciation for Buildings, which, previously, had been depreciated by the declining-balance method. This change was made to provide a more accurate allocation of the cost of Buildings.

The effects of this change were to increase operating income by ¥228 million ($2,276 thousand) and to increase income before income taxes by ¥234 million ($2,336 thousand) for the year ended March 31, 2008.

b. Change in Depreciation Method in Accordance with the Revised Corporate Tax Law

Property, plant and equipment acquired and die on and after April 1, 2007 are depreciated by the declining-balance method in accordance with the revised corporate tax law, which is effective for fiscal years beginning on and after April 1, 2007.

The effect of this treatment was to decrease operating income by ¥823 million ($8,214 thousand) and to decrease income before income taxes for the year ended March 31, 2008 by ¥825 million ($8,234 thousand).

4. Marketable Securities and Investments in Securities

Information regarding each category of the securities classified as trading, held-to-maturity and available-for-sale at March 31, 2008 and 2007 was as follows:

	Millions of yen			
	2008			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares	¥3,979	¥5,296	¥(146)	¥9,129
Bonds	100	—	(1)	99
Total	¥4,079	¥5,296	¥(147)	¥9,228

	Millions of yen			
	2007			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares	¥2,929	¥8,629	¥(11)	¥11,547
Bonds	100	—	(1)	99
Total	¥3,029	¥8,629	¥(12)	¥11,646

	Thousands of U.S. dollars			
	2008			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares	$39,715	$52,859	$(1,457)	$91,117
Bonds	998	—	(10)	988
Total	$40,713	$52,859	$(1,467)	$92,105

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Available-for-sale:			
Corporate shares	¥1,258	¥1,251	$12,556

The book value of available-for-sale securities by contractual maturity for securities classified as available-for-sale at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due in one year or less	¥ —	¥ —	$ —
Due after one year through five years	100	100	998
Due after five years through ten years	—	—	—
Total	¥100	¥100	$998

5. Inventories

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Finished products and purchased goods	¥19,992	¥15,658	$199,540
Work in process	14,312	13,909	142,849
Raw materials and supplies	7,552	8,831	75,377
Total	¥41,856	¥38,398	$417,766

6. 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 income. 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	$ 2,745
Land after revaluation	1,981	19,772
Land revaluation reserve, net of income taxes of ¥675 million ($6,737 thousand) and attribution of minority interest of ¥405 million ($4,042 thousand)	¥ 626	$ 6,248

As of March 31, 2008, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥705 million ($7,037 thousand).

7. Short-term Borrowings and Long-term Debt

The annual weighted average interest rates applicable to short-term borrowings were 2.5% and 2.2%, at March 31, 2008 and 2007, respectively.

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Loans principally from banks and insurance companies with interest rates ranging from 1.38% to 6.31%:			
Secured	¥ 1,241	¥ 1,237	$ 12,386
Unsecured	22,426	17,343	223,835
Total	23,667	18,580	236,221
Less: Current portion	(6,003)	(4,363)	(59,916)
Long-term debt less current portion	¥17,664	¥14,217	$176,305

The aggregate annual maturities of long-term debt at March 31, 2008 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥ 6,003	$ 59,916
2010	6,180	61,683
2011	5,032	50,225
2012	3,581	35,742
2013	2,075	20,711
2014 and thereafter	796	7,944
Total	¥23,667	$236,221

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, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Net book value of property:			
Buildings and structures	¥ 4,714	¥ 4,682	$ 47,051
Machinery and equipment	4,546	5,149	45,374
Land	2,881	2,884	28,755
Time deposit	4	4	40
Total	¥12,145	¥12,719	$121,220

8. 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, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Projected benefit obligation	¥ 32,792	¥ 32,415	$ 327,298
Fair value of plan assets	(21,791)	(23,840)	(217,497)
Unrecognized prior service cost	2,198	2,432	21,938
Unrecognized actuarial loss	(5,638)	(2,596)	(56,273)
Unrecognized transitional obligation	(1,241)	(1,862)	(12,386)
Prepaid pension cost	0	0	0
Net liabilities	¥ 6,320	¥ 6,549	$ 63,080

The components of net periodic retirement benefit costs for the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Service cost	¥1,250	¥1,074	$12,476
Interest cost	752	718	7,506
Expected return on plan assets	(822)	(804)	(8,204)
Amortization of prior service cost	(234)	(232)	(2,336)
Recognized actuarial loss	393	294	3,923
Amortization of transitional obligation	621	621	6,198
Net periodic retirement benefit costs	¥1,960	¥1,671	$19,563

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
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	10 years

9. Equity

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan (the "Code") with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below;

(a) Dividends

Under the Corporate Law, 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 Corporate Law 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 Corporate Law 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 Corporate Law 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 Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law 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 Corporate Law 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 Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law 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.

10. 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 rates of 39.5% for the years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets:			
Accrued severance cost	**¥ 2,453**	¥ 2,530	**$ 24,483**
Tax loss carryforwards	**16,158**	16,696	**161,274**
Other	**3,571**	3,746	**35,642**
Valuation allowance	**(16,585)**	(17,196)	**(165,535)**
Deferred tax assets	**¥ 5,597**	¥ 5,776	**$ 55,864**
Deferred tax liabilities:			
Unrealized gain on available -for-sale securities	**¥ (2,036)**	¥ (3,408)	**$ (20,321)**
Other	**(2,075)**	(2,122)	**(20,711)**
Deferred tax liabilities	**¥ (4,111)**	¥ (5,530)	**$ (41,032)**
Net deferred tax assets	**¥ 1,486**	¥ 246	**$ 14,832**

The reconciliation between the normal effective statutory tax rate for the years ended March 31, 2008 and 2007 and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2008	2007
Normal effective statutory tax rate	**39.5%**	39.5%
Valuation allowance	**(4.2)**	(0.3)
Other, net	**4.6**	(0.1)
Actual effective tax rate	**39.9%**	39.1%

11. Research and Development Costs

Research and development costs were ¥2,334 million ($23,296 thousand) and ¥1,883 million for the years ended March 31, 2008 and 2007, respectively.

12. Leases

Lease expenses on finance lease contracts without ownership transfer amounted to ¥531 million ($5,300 thousand) and ¥698 million, for the years ended March 31, 2008 and 2007, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, depreciation expense, interest expense, future minimum lease payments of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007 was as follows:

	Millions of yen		
	2008		
	Acquisition cost	Accumulated depreciation	Net leased property
Machinery and equipment	**¥4,498**	**¥2,881**	**¥1,617**
Other assets	**88**	**58**	**30**
Total	**¥4,586**	**¥2,939**	**¥1,647**

	Millions of yen		
	2007		
	Acquisition cost	Accumulated depreciation	Net leased property
Machinery and equipment	¥4,542	¥2,435	¥2,107
Other assets	98	74	24
Total	¥4,640	¥2,509	¥2,131

	Thousands of U.S. dollars		
	2008		
	Acquisition cost	Accumulated depreciation	Net leased property
Machinery and equipment	**$44,895**	**$28,755**	**$16,140**
Other assets	**878**	**579**	**299**
Total	**$45,773**	**$29,334**	**$16,439**

Depreciation expense and interest expense, which are not reflected in the accompanying statements of income, computed by the straight-line method and the interest method were ¥531 million ($5,300 thousand) and ¥698 million for the years ended March 31, 2008 and 2007, respectively.

Future minimum lease payments:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Current	**¥ 492**	¥ 525	**$ 4,911**
Non-current	**1,155**	1,606	**11,528**
Total	**¥1,647**	¥2,131	**$16,439**

Future minimum lease payments of the Ryobi Group as of March 31, 2008 and 2007 under noncancelable operating leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Current	**¥211**	¥114	**$2,106**
Non-current	**85**	75	**848**
Total	**¥296**	¥189	**$2,954**

13. Contingent Liabilities

The Ryobi Group had the following contingent liabilities at March 31, 2008 and 2007.

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Trade notes discounted	**¥ 489**	¥ 606	**$ 4,881**
Guarantees and similar items			
Bank loans	**131**	151	**1,308**
Leases	**1,718**	2,037	**17,147**
Others	**5**	—	**50**
Total	**¥2,343**	¥2,794	**$23,386**

14. 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, 2008 and 2007.

	Millions of yen		
	2008		
	Contract amount	Fair value	Unrealized gain (loss)
Interest swap:			
Fixed rate payment, floating rate receipt	**¥100**	**¥(0)**	**¥(0)**

	Millions of yen		
	2007		
	Contract amount	Fair value	Unrealized gain (loss)
Interest swap:			
Fixed rate payment, floating rate receipt	¥100	¥(0)	¥(0)

	Thousands of U.S. dollars		
	2008		
	Contract amount	Fair value	Unrealized gain (loss)
Interest swap:			
Fixed rate payment, floating rate receipt	**$998**	**$(0)**	**$(0)**

Note: Derivatives which qualify for hedge accounting were excluded from the market value information in 2008 and 2007.

15. Segment Information

The segment information classified by industry and geographical market area is presented below with respect to the years ended March 31, 2008 and 2007.

(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				
	2008				
	Die castings	Printing equipment	Power tools and builders’ hardware	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customer	**¥148,596**	**¥ 40,963**	**¥ 26,622**	**¥ —**	**¥216,181**
Intersegment	**207**	**—**	**2**	**(209)**	**—**
Total	**148,803**	**40,963**	**26,624**	**(209)**	**216,181**
Operating costs and expenses	**141,158**	**36,023**	**24,974**	**(209)**	**201,946**
Operating income	**¥ 7,645**	**¥ 4,940**	**¥ 1,650**	**¥ (0)**	**¥ 14,235**
Total assets	**¥120,048**	**¥ 31,778**	**¥ 25,094**	**¥ 19,052**	**¥195,972**
Depreciation and amortization	**8,389**	**904**	**765**	**—**	**10,058**
Capital expenditure	**¥ 12,054**	**¥ 2,502**	**¥ 786**	**¥ —**	**¥ 15,342**

	Millions of yen				
	2007				
	Die castings	Printing equipment	Power tools and builders’ hardware	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customer	¥138,623	¥ 39,829	¥ 26,220	¥ —	¥204,672
Intersegment	266	—	2	(268)	—
Total	138,889	39,829	26,222	(268)	204,672
Operating costs and expenses	130,121	33,960	24,506	(268)	188,319
Operating income	¥ 8,768	¥ 5,869	¥ 1,716	¥ 0	¥ 16,353
Total assets	¥118,535	¥ 31,066	¥ 25,763	¥ 27,165	¥202,529
Depreciation and amortization	6,779	693	724	—	8,196
Capital expenditure	¥ 17,836	¥ 1,816	¥ 733	¥ —	¥ 20,385

	Thousands of U.S. dollars				
	2008				
	Die castings	Printing equipment	Power tools and builders’ hardware	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customer	**$1,483,142**	**$ 408,853**	**$ 265,715**	**$ —**	**$2,157,710**
Intersegment	**2,066**	**—**	**20**	**(2,086)**	**—**
Total	**1,485,208**	**408,853**	**265,735**	**(2,086)**	**2,157,710**
Operating costs and expenses	**1,408,903**	**359,547**	**249,266**	**(2,086)**	**2,015,630**
Operating income	**$ 76,305**	**$ 49,306**	**$ 16,469**	**$ (0)**	**$ 142,080**
Total assets	**$1,198,204**	**$ 317,177**	**$ 250,464**	**$ 190,159**	**$1,956,004**
Depreciation and amortization	**83,731**	**9,023**	**7,635**	**—**	**100,389**
Capital expenditure	**$ 120,311**	**$ 24,973**	**$ 7,845**	**$ —**	**$ 153,129**

The amounts of corporate assets as of March 31, 2008 and 2007 included in the “Eliminations or corporate assets” were ¥19,062 million ($190,259 thousand) and ¥27,183 million, respectively, which mainly consisted of cash, securities and long-term investment assets (investments in securities).

The effect of the change in depreciation method for Buildings described in Note 3. was to increase operating income of Die castings, Printing equipment and Power tools and builders’ hardware for the year ended March 31, 2008, by ¥133 million ($1,327 thousand), ¥74 million ($739 thousand) and ¥21 million ($210 thousand), respectively, from such segments in the prior year.

The effect of the change in depreciation method in accordance with the revised corporate tax law described in Note 3. was to decrease operating income of Die castings, Printing equipment and Power tools and builders’ hardware for the year ended March 31, 2008, by ¥745 million ($7,436 thousand), ¥41 million ($409 thousand) and ¥37 million ($369 thousand), respectively, from such segments in the prior year.

The effect of depreciation of residual value in accordance with the revised corporate tax law described in Note 2.(e) was to decrease operating income of Die castings, Printing equipment and Power tools and builders’ hardware for the year ended

March 31, 2008, by ¥354 million ($3,533 thousand), ¥32 million ($319 thousand) and ¥44 million ($439 thousand), respectively, from such segments in the prior year.

(2) Geographical segment information

	Millions of yen				
	2008				
	Japan	The Americas	Other overseas	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customer	**¥182,724**	**¥25,151**	**¥ 8,306**	**¥ —**	**¥216,181**
Intersegment	**4,954**	**265**	**7,284**	**(12,503)**	**—**
Total	**187,678**	**25,416**	**15,590**	**(12,503)**	**216,181**
Operating costs and expenses	**173,913**	**24,734**	**15,803**	**(12,504)**	**201,946**
Operating income	**¥ 13,765**	**¥ 682**	**¥ (213)**	**¥ 1**	**¥ 14,235**
Total assets	**¥143,405**	**¥19,973**	**¥17,109**	**¥ 15,485**	**¥195,972**

	Millions of yen				
	2007				
	Japan	The Americas	Other overseas	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customer	¥173,830	¥23,147	¥ 7,695	¥ —	¥204,672
Intersegment	3,748	800	6,242	(10,790)	—
Total	177,578	23,947	13,937	(10,790)	204,672
Operating costs and expenses	163,330	22,651	13,245	(10,907)	188,319
Operating income	¥ 14,248	¥ 1,296	¥ 692	¥ 117	¥ 16,353
Total assets	¥142,856	¥18,909	¥16,457	¥ 24,307	¥202,529

	Thousands of U.S. dollars				
	2008				
	Japan	The Americas	Other overseas	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customer	**$1,823,775**	**$251,033**	**$ 82,902**	**$ —**	**$2,157,710**
Intersegment	**49,446**	**2,645**	**72,702**	**(124,793)**	**—**
Total	**1,873,221**	**253,678**	**155,604**	**(124,793)**	**2,157,710**
Operating costs and expenses	**1,735,832**	**246,871**	**157,730**	**(124,803)**	**2,015,630**
Operating income	**$ 137,389**	**$ 6,807**	**$ (2,126)**	**$ 10**	**$ 142,080**
Total assets	**$1,431,331**	**$199,351**	**$170,766**	**$ 154,556**	**$1,956,004**

The amounts of corporate assets as of March 31, 2008 and 2007 included in the "Eliminations or corporate assets" were ¥19,062 million ($190,259 thousand) and ¥27,183 million, respectively, which mainly consisted of cash, securities and long-term investment assets (investments in securities).

The effect of the change in depreciation method for Buildings described in Note 3. was to increase operating income of Japan for the year ended March 31, 2008, by ¥228 million ($2,276 thousand) from such segments in the prior year.

The effect of the change in depreciation method in accordance with the revised corporate tax law described in Note 3 was to decrease operating income of Japan for the year ended March 31, 2008, by ¥823 million ($8,214 thousand) from such segments in the prior year.

The effect of depreciation of residual value in accordance with the revised corporate tax law described in Note 2.(e) was to decrease operating income of Japan for the year ended March 31, 2008, by ¥430 million ($4,292 thousand) from such segments in the prior year.

(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, 2008 and 2007 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Export sales and sales by overseas subsidiaries:			
The Americas	**¥35,238**	¥29,079	**$351,712**
Europe	**22,192**	21,955	**221,499**
Other	**11,540**	12,180	**115,181**
Total	**¥68,970**	¥63,214	**$688,392**
Percentage of such sales against consolidated net sales:			
The Americas	**16.3%**	14.2%	
Europe	**10.3**	10.7	
Other	**5.3**	6.0	
Total	**31.9%**	30.9%	

16. Subsequent Event

On June 25, 2008, the shareholders of the Company authorized the following appropriation of retained earnings for the year ended March 31, 2008.

	Millions of yen	Thousands of U.S. dollars
Cash dividends	**¥1,001**	**$ 9,991**

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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, 2008 and 2007, and the related consolidated statements of income, 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, 2008 and 2007, 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.

As discussed in Note 3 to the consolidated financial statements, the Company changed its method of accounting for depreciation of property, plant, equipment and die as of April 1, 2007.

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

June 26, 2008

Member of
Deloitte Touche Tohmatsu

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 25, 2008)

BOARD OF DIRECTORS

Chairman and Representative Director	Hiroshi Urakami
President and Representative Director	Susumu Yoshikawa
Directors	Takao Tanaka
	Takashi Yokoyama
	Koji Ishii
	Akira Urakami
	Kenjiro Suzuki
Outside Director	Satoshi Ohoka

CORPORATE AUDITORS

Standing Corporate Auditor	Shozo Kobayashi
Outside Corporate Auditor	Tairo Katoh
Corporate Auditor	Tsuyoshi Mifune
Outside Corporate Auditor	Izumi Kurosawa

CORPORATE OFFICERS

Chief Executive Officer	Hiroshi Urakami
Chief Operating Officer	Susumu Yoshikawa
Executive Corporate Officers	Takao Tanaka
	Takashi Yokoyama
Corporate Officers	Koji Ishii
	Kenjiro Suzuki
	Kuniyuki Ito
	Naomichi Honkawa
	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 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, 2008)

171,230,715

Listing
Common Stock—Tokyo

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

RYOBI LIMITED

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http://www.ryobi-group.co.jp/

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