

RYOBI

SEMIANNUAL REPORT

(Unaudited)

For the six months ended September 30, 2007

2007

A MESSAGE FROM THE MANAGEMENT

Guided by its corporate philosophy, “Create a sound and dynamic corporation through technology, trust and challenge,” the Ryobi Group seeks to establish itself as an indispensable existence by responding to the needs of customers and society, through innovative, top-quality products and services. Aiming to be a company that continuously grows and develops by maintaining an optimal mix of die castings and finished products, Ryobi makes every effort to reinforce market competitiveness and improve its earnings power.

With regard to corporate social responsibility (CSR), the Ryobi Group considers the implementation of its corporate philosophy as CSR promotion itself. Moreover, Ryobi is aggressively promoting various CSR endeavors including environmental protection initiatives, social contribution activities and compliance with relevant laws and regulations.

BUSINESS DEVELOPMENT

With the aim of sustained growth and development for the future, the Ryobi Group will reinforce market competitiveness and strengthen earnings power—essential factors. Along with offering Ryobi’s proprietary technology, products and services, we are implementing various initiatives for becoming a “company with even greater presence” in each of our business fields. Furthermore, we are aggressively pushing ahead to reduce costs and improve productivity in each business segment. Trends in business development for these segments are as follows:

1) DIE CASTINGS

Ryobi aims to strengthen and expand relationships with automobile manufacturers by utilizing its know-how as a world-leading die casting manufacturer with a production structure operating in Japan, the United States, Europe and China. Redoubling efforts to promote its global die castings business strategy, Ryobi established a production base in Mexico in April 2007, with operations scheduled to commence in October 2008. Our aluminum die castings are lightweight, have excellent durability and are superior in terms of recyclability. In addition to the automobile field, these die castings have increasingly attracted attention in fields such as electronics and telecommunications as an effective technology for the protection of the environment, including the conservation of energy and resources.

2) PRINTING EQUIPMENT

Ryobi is striving to enhance multicolor performance precision, offer increasingly advanced functionality and further consolidate its reputation in world markets. To achieve these goals, we are moving forward with the development of new products and the strengthening of production and marketing capabilities. Through the development of products in response to advancements in IT and digitization, and the creation of environmentally friendly products, we are working to expand our lineup in line with market needs. In response to increased demand for medium-size offset printing presses, a second facility was established at our Hiroshima East Plant in April 2006, and it was then doubled in size with the construction of a new addition. Ryobi will work to optimize its production through the first and the second facilities while implementing initiatives to further enhance productivity and promoting additional sales activities.

3) POWER TOOLS AND BUILDERS’ HARDWARE

In the Power Tools Business, which includes lawn and garden equipment, Ryobi focuses on the concept of producing compact and lightweight tools. Utilizing manufacturing collaboration between Japan and Dalian, China, the Company delivers products in response to the needs of professionals and DIY enthusiasts alike. We continue to further strengthen competitiveness by focusing efforts on bolstering product planning and marketing capabilities while improving productivity.

In the Builders' Hardware Business, our mainstay door closers are manufactured primarily at our subsidiary in Dalian, China. Ryobi is aiming to improve its earnings power by focusing on developing unique products, reducing costs through productivity enhancements and reinforcing price competitiveness.

PERFORMANCE

In the six-month period ended September 30, 2007, consolidated net sales increased 8.3% compared to the same period of the previous fiscal year to ¥106,134 million, with domestic net sales rising 4.3% to ¥70,628 million and overseas net sales growing 17.4% to ¥35,506 million.

On the earnings front, operating income decreased 9.5% to ¥7,354 million, and interim net income fell 21.5% to ¥4,286 million.

Consolidated net sales increased across each of the Company's Die Castings, Printing Equipment, and Power Tools and Builders' Hardware Businesses, for a fourth consecutive interim period of increased revenue.

Although the Company targeted higher profits through such efforts as increasing sales, stringently reducing costs and improving productivity, interim profits dropped because of an increased financial burden associated with depreciation expenses, among other factors.

By segment, net sales in the Die Castings Business rose 8.3% to ¥71,628 million while operating income decreased 21.2% to ¥3,457 million, resulting in a ratio of operating income to net sales of 4.8% compared with 6.6% in the same period last year. Sales to domestic and American automobile manufacturers solidified and contributed to higher revenues. Despite increasing sales and cutting costs, profit decreased due to downward pressure on product prices, inflated raw material costs and increased depreciation expenses. Die castings are an effective technology that realizes environmental protection and the conservation of resources and energy—important global concerns—and, therefore, continuous growth for this product is expected. We will continue to pursue activities geared toward the non-automobile segment as well as expanding automobile

applications, while simultaneously giving more attention to enhancing productivity and reducing costs.

Net sales in the Printing Equipment Business increased 11.5% to ¥20,768 million, and operating income rose 3.7% to ¥2,782 million, resulting in a ratio of operating income to net sales of 13.4% compared with 14.4% in the corresponding period of the previous fiscal year. Although sales in Japan were down, strong exports to Europe, the Americas and Asian countries pushed up overall results. Increased profits are attributable to the rise in exports as well as to the implementation of cost-cutting measures. With the aim of increasing earnings still further, Ryobi will continue to actively develop products that fully consider user needs, enhance sales promotion, reduce costs and increase productivity.

In the Power Tools and Builders' Hardware Business, net sales increased 4.1% to ¥13,738 million, and operating income rose 5.0% to ¥1,115 million, resulting in a ratio of operating income to net sales of 8.1% compared with 8.0% in the same period last year. Amid intensifying competition, sales of both power tools and builders' hardware grew and overall profits were up. We will continue to leverage our overseas production capabilities with the aims of reducing costs and raising production efficiency to deliver unique and price-competitive products.

Ryobi is committed to consistently strengthening and enhancing measures designed to create a sound and dynamic corporation. We thank you for your continued support and understanding.

December 2007



Hiroshi Urakami
Chairman and CEO



Susumu Yoshikawa
President and COO

CONSOLIDATED BALANCE SHEETS

Ryobi Limited and Consolidated Subsidiaries
(As of September 30 and March 31, 2007) (Unaudited)

	Millions of yen		Thousands of U.S. dollars*
	September 30 2007	March 31 2007	September 30 2007
ASSETS			
Current assets			
Cash and cash equivalents.....	¥ 13,839	¥ 17,612	\$ 119,891
Time deposits.....	2,283	2,301	19,778
Notes and accounts receivable, less allowances.....	50,544	49,813	437,876
Inventories.....	41,993	38,398	363,796
Prepaid expenses and other.....	2,015	2,450	17,457
Total current assets.....	110,674	110,574	958,798
Net property, plant and equipment	77,186	73,029	668,682
Investments and other assets			
Investments in securities.....	13,253	12,897	114,814
Investments in and advances to unconsolidated subsidiaries and affiliates.....	159	360	1,377
Intangible fixed assets.....	2,111	1,990	18,288
Deferred tax assets.....	1,726	1,472	14,953
Other.....	2,223	2,207	19,259
Total investments and other assets.....	19,472	18,926	168,691
Total	¥207,332	¥202,529	\$1,796,171
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings.....	¥ 21,757	¥ 19,751	\$ 188,487
Current portion of long-term debt.....	6,231	4,363	53,981
Notes and accounts payable.....	60,802	61,282	526,743
Accrued expenses.....	4,928	4,946	42,693
Income taxes payable.....	2,695	5,093	23,347
Other current liabilities.....	3,149	3,623	27,280
Total current liabilities.....	99,562	99,058	862,531
Long-term liabilities			
Long-term debt.....	16,539	14,217	143,282
Accrued severance indemnities.....	6,450	6,549	55,878
Other long-term liabilities.....	6,665	6,947	57,741
Total long-term liabilities.....	29,654	27,713	256,901
Equity			
Common stock			
Authorized: 500,000,000 shares			
Issued: 171,230,715 shares.....	18,472	18,472	160,028
Capital surplus.....	23,750	23,750	205,752
Retained earnings.....	36,317	34,044	314,624
Unrealized gain on available-for-sale securities.....	4,878	5,144	42,259
Deferred loss on derivatives under hedge accounting.....	(23)	(25)	(199)
Land revaluation reserve.....	626	626	5,423
Foreign currency translation adjustments.....	(5,704)	(6,464)	(49,415)
Treasury stock.....	(1,136)	(732)	(9,842)
Total.....	77,180	74,815	668,630
Minority interests.....	936	943	8,109
Total equity.....	78,116	75,758	676,739
Total	¥207,332	¥202,529	\$1,796,171

*U.S. dollar amounts in this report, solely for the convenience of the reader, are translated from yen at the rate of ¥115.43 = US\$1, the exchange rate prevailing on September 30, 2007.

CONSOLIDATED STATEMENTS OF INCOME

Ryobi Limited and Consolidated Subsidiaries
(Six months ended September 30, 2007 and 2006) (Unaudited)

	Millions of yen		Thousands of U.S. dollars*
	September 30 2007	September 30 2006	September 30 2007
Net sales	¥106,134	¥97,974	\$919,466
Cost of sales	86,397	78,116	748,479
Gross profit.....	19,737	19,858	170,987
Selling, general and administrative expenses	12,383	11,729	107,277
Operating income.....	7,354	8,129	63,710
Other income			
Interest and dividends.....	150	110	1,299
Gain on sales of investment securities.....	0	771	0
Other.....	744	916	6,446
Total other income.....	894	1,797	7,745
Other expenses			
Interest.....	530	380	4,592
Other.....	507	1,192	4,392
Total other expenses.....	1,037	1,572	8,984
Income before income taxes and minority interests	7,211	8,354	62,471
Income taxes	2,914	2,876	25,245
Minority interests	11	17	95
Net income	¥ 4,286	¥ 5,461	\$ 37,131

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ryobi Limited and Consolidated Subsidiaries
(Six months ended September 30, 2007 and 2006) (Unaudited)

	Millions of yen		Thousands of U.S. dollars*
	September 30 2007	September 30 2006	September 30 2007
Net cash provided by operating activities	¥ 2,532	¥ 9,134	\$ 21,935
Investing activities			
Purchase of property, plant and equipment.....	(9,064)	(5,995)	(78,524)
Other.....	(801)	1,972	(6,939)
Net cash used in investing activities	(9,865)	(4,023)	(85,463)
Financing activities			
Proceeds from long-term debt.....	5,800	4,056	50,247
Repayments of long-term debt.....	(1,719)	(4,654)	(14,892)
Increase (decrease) in short-term borrowings, net.....	1,816	(1,053)	15,732
Cash dividends paid.....	(2,014)	(1,681)	(17,448)
Other.....	(404)	(4)	(3,499)
Net cash provided by (used in) financing activities	3,479	(3,336)	30,140
Foreign currency translation adjustments on cash and cash equivalents	80	19	693
Net increase (decrease) in cash and cash equivalents	(3,774)	1,794	(32,695)
Cash and cash equivalents at beginning of year	17,612	16,097	152,577
Cash and cash equivalents at end of the period	¥13,838	¥17,891	\$119,882
Additional cash flow information			
Interest paid.....	¥ 532	¥ 373	\$ 4,609

INDUSTRY SEGMENT INFORMATION

(Six months ended September 30, 2007 and 2006)

	Millions of yen				
	2007				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations	Consolidated
Net sales:					
Unaffiliated customers	¥71,628	¥20,768	¥13,738	¥ —	¥106,134
Intersegment	111	—	1	(112)	—
Total	71,739	20,768	13,739	(112)	106,134
Operating costs and expenses ..	68,282	17,986	12,624	(112)	98,780
Operating income	¥ 3,457	¥ 2,782	¥ 1,115	¥ 0	¥ 7,354

	Millions of yen				
	2006				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations	Consolidated
Net sales:					
Unaffiliated customers	¥66,161	¥18,618	¥13,195	¥ —	¥97,974
Intersegment	113	—	1	(114)	—
Total	66,274	18,618	13,196	(114)	97,974
Operating costs and expenses ..	61,889	15,936	12,134	(114)	89,845
Operating income	¥ 4,385	¥ 2,682	¥ 1,062	¥ 0	¥ 8,129

	Thousands of U.S. dollars*				
	2007				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations	Consolidated
Net sales:					
Unaffiliated customers	\$620,532	\$179,918	\$119,016	\$ —	\$919,466
Intersegment	962	—	9	(971)	—
Total	621,494	179,918	119,025	(971)	919,466
Operating costs and expenses ..	591,545	155,817	109,365	(971)	855,756
Operating income	\$ 29,949	\$ 24,101	\$ 9,660	\$ 0	\$ 63,710

GEOGRAPHICAL SEGMENT INFORMATION

(Six months ended September 30, 2007 and 2006)

	Millions of yen				
	2007				
	Japan	The Americas	Other	Eliminations	Consolidated
Net sales:					
Unaffiliated customers	¥88,876	¥12,830	¥4,428	¥ —	¥106,134
Intersegment	1,665	269	3,816	(5,750)	—
Total	90,541	13,099	8,244	(5,750)	106,134
Operating costs and expenses ..	83,853	12,656	8,028	(5,757)	98,780
Operating income	¥ 6,688	¥ 443	¥ 216	¥ 7	¥ 7,354

	Millions of yen				
	2006				
	Japan	The Americas	Other	Eliminations	Consolidated
Net sales:					
Unaffiliated customers	¥82,498	¥11,432	¥4,044	¥ —	¥97,974
Intersegment	1,279	284	2,993	(4,556)	—
Total	83,777	11,716	7,037	(4,556)	97,974
Operating costs and expenses ..	77,282	10,679	6,504	(4,620)	89,845
Operating income	¥ 6,495	¥ 1,037	¥ 533	¥ 64	¥ 8,129

	Thousands of U.S. dollars*				
	2007				
	Japan	The Americas	Other	Eliminations	Consolidated
Net sales:					
Unaffiliated customers	\$ 769,956	\$ 111,150	\$ 38,360	\$ —	\$ 919,466
Intersegment	14,424	2,330	33,059	(49,813)	—
Total	784,380	113,480	71,419	(49,813)	919,466
Operating costs and expenses ..	726,440	109,642	69,548	(49,874)	855,756
Operating income	\$ 57,940	\$ 3,838	\$ 1,871	\$ 61	\$ 63,710

EXPORT SALES AND SALES BY OVERSEAS SUBSIDIARIES

(Six months ended September 30, 2007 and 2006)

	Millions of yen		Thousands of U.S. dollars*	Percentage against consolidated net sales	
	2007	2006	2007	2007	2006
	The Americas	¥ 17,983	¥ 14,078	\$ 155,791	17.0%
Europe	11,883	10,285	102,946	11.2%	10.5%
Other	5,640	5,892	48,861	5.3%	6.0%
Total	¥ 35,506	¥ 30,255	\$ 307,598	33.5%	30.9%

CORPORATE INFORMATION

CORPORATE DATA

Company Name
RYOBI LIMITED

Established
December 16, 1943

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

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

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

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

MANAGEMENT MEMBERS

BOARD OF DIRECTORS

Chairman and Representative Director
Hiroshi Urakami

President and Representative Director
Susumu Yoshikawa
Takao Tanaka
Takashi Yokoyama
Mikio Kamura
Shiro Muroya
Koji Ishii
Akira Urakami
Kenjiro Suzuki
Satoshi Ohoka

Directors

Outside Director

CORPORATE OFFICERS

Chief Executive Officer
Chief Operating Officer
Executive Corporate Officers

Hiroshi Urakami
Susumu Yoshikawa
Takao Tanaka
Takashi Yokoyama
Mikio Kamura
Shiro Muroya
Koji Ishii
Kenjiro Suzuki
Kuniyuki Ito
Naomichi Honkawa
Kazuaki Danjo
Shoji Osawa
Hideki Domoto

Corporate Officers

CORPORATE AUDITORS

Standing Corporate Auditor
Outside Corporate Auditors
Corporate Auditor

Shozo Kobayashi
Kunihiro Toyota
Tairo Katoh
Tsuayoshi Mifune

SHAREHOLDER INFORMATION

Number of Shares Issued (As of September 30, 2007)
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

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