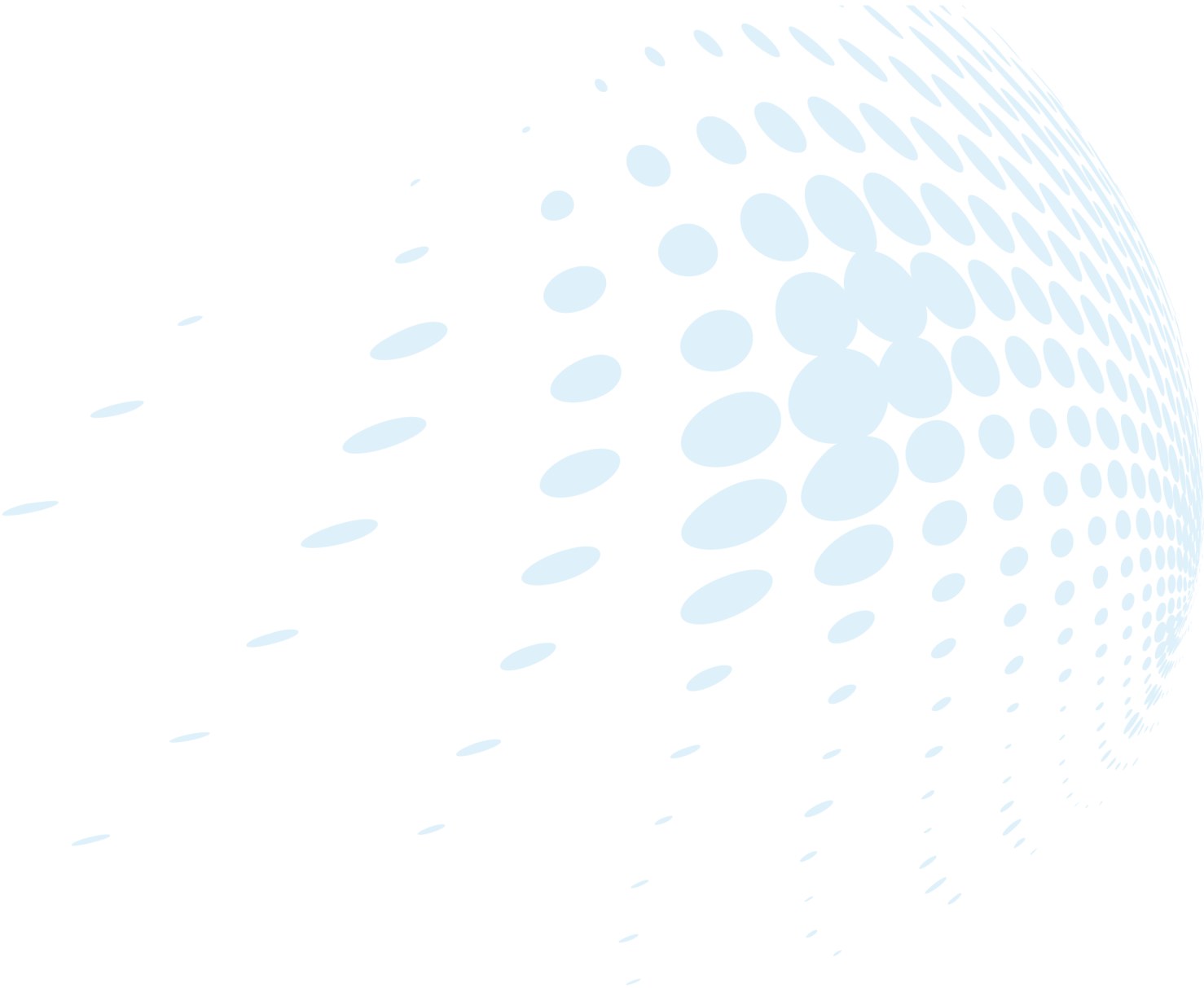


**RYOBI**

**ANNUAL REPORT**

For the year ended March 31, 2009

**2009**



# CONSOLIDATED BALANCE SHEETS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(As of March 31, 2009 and 2008)

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
<b>Current assets</b>			
Cash and cash equivalents.....	¥ 12,085	¥ 10,139	\$ 123,028
Time deposits (Note 7).....	3,199	2,301	32,566
Notes and accounts receivable			
Trade.....	26,204	43,291	266,762
Unconsolidated subsidiaries and affiliates.....	17	124	173
Other.....	1,898	2,575	19,322
Allowance for doubtful accounts.....	(46)	(62)	(468)
Inventories (Note 3 and 5).....	29,220	41,856	297,465
Deferred tax assets (Note 10).....	424	1,605	4,316
Prepaid expenses and other.....	2,654	342	27,018
Total current assets.....	<u>75,655</u>	<u>102,171</u>	<u>770,182</u>
<b>Property, plant and equipment (Notes 3,6 and 7)</b>			
Land.....	21,643	21,699	220,330
Buildings and structures.....	46,127	46,739	469,582
Machinery and equipment.....	125,782	105,897	1,280,484
Construction in progress.....	6,091	2,622	62,007
Other.....	3,647	—	37,127
Total.....	203,290	176,957	2,069,530
Accumulated depreciation.....	(124,610)	(99,793)	(1,268,553)
Net property, plant and equipment.....	<u>78,680</u>	<u>77,164</u>	<u>800,977</u>
<b>Investments and other assets</b>			
Investments in securities (Note 4).....	6,825	10,486	69,480
Investments in unconsolidated subsidiaries and affiliates.....	168	163	1,710
Intangible fixed assets.....	1,188	2,254	12,094
Deferred tax assets (Note 10).....	2,757	1,712	28,067
Other.....	2,042	2,065	20,788
Allowance for doubtful accounts.....	(116)	(43)	(1,181)
Total investments and other assets.....	<u>12,864</u>	<u>16,637</u>	<u>130,958</u>
Total.....	<u>¥167,199</u>	<u>¥195,972</u>	<u>\$1,702,117</u>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
<b>Current liabilities</b>			
Short-term borrowings (Note 7) .....	¥ 32,912	¥ 21,491	\$ 335,050
Current portion of long-term debt (Note 7) .....	6,954	6,003	70,793
Notes and accounts payable			
Trade .....	20,042	43,239	204,031
Unconsolidated subsidiaries and affiliates .....	134	354	1,364
Other .....	4,283	8,000	43,602
Accrued expenses .....	2,295	4,420	23,364
Income taxes payable .....	171	2,049	1,741
Other current liabilities(Note 10) .....	2,311	3,510	23,526
Total current liabilities .....	<u>69,102</u>	<u>89,066</u>	<u>703,471</u>
<b>Long-term liabilities</b>			
Long-term debt (Note 7) .....	20,055	17,664	204,164
Accrued severance indemnities (Note 8) .....	6,617	6,320	67,362
Other long-term liabilities (Note 10) .....	3,418	5,203	34,796
Total long-term liabilities .....	<u>30,090</u>	<u>29,187</u>	<u>306,322</u>
<b>Commitments and contingent liabilities (Notes 12,13 and 14)</b>			
<b>Equity (Notes 9)</b>			
Common stock			
Authorized: 500,000,000 shares			
Issued: 171,230,715 shares .....	18,472	18,472	188,048
Capital surplus .....	23,750	23,750	241,780
Retained earnings .....	36,608	39,235	372,676
Unrealized gain on available-for-sale securities .....	1,088	3,094	11,076
Deferred loss on derivatives under hedge accounting .....	(35)	(40)	(356)
Land revaluation reserve (Note 6) .....	626	626	6,373
Foreign currency translation adjustments .....	(10,982)	(6,867)	(111,799)
Treasury stock (9,466,799 shares in 2009; 4,462,347 shares in 2008) .....	(2,354)	(1,425)	(23,964)
Total .....	<u>67,173</u>	<u>76,845</u>	<u>683,834</u>
Minority interests .....	834	874	8,490
Total equity .....	<u>68,007</u>	<u>77,719</u>	<u>692,324</u>
Total .....	<u>¥167,199</u>	<u>¥195,972</u>	<u>\$1,702,117</u>

# CONSOLIDATED STATEMENTS OF INCOME

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2009 and 2008)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
<b>Net sales</b> .....	¥176,341	¥216,181	\$ 1,795,185
<b>Cost of sales</b> .....	152,359	177,529	1,551,044
Gross profit .....	23,982	38,652	244,141
<b>Selling, general and administrative expenses</b> .....	22,177	24,417	225,766
Operating income .....	1,805	14,235	18,375
<b>Other income</b>			
Interest and dividends .....	224	263	2,280
Rent income .....	568	541	5,782
Other .....	1,261	917	12,838
Total other income .....	2,053	1,721	20,900
<b>Other expenses</b>			
Interest .....	1,159	1,120	11,799
Loss on disposal of property, plant and equipment .....	222	177	2,260
Loss on devaluation of investments in securities .....	318	3	3,237
Depreciation .....	451	257	4,591
Impairment loss (Note 2(g)) .....	86	—	876
Other .....	735	760	7,482
Total other expenses .....	2,971	2,317	30,245
<b>Income before income taxes and minority interests</b> .....	887	13,639	9,030
<b>Income taxes</b> (Note 10)			
Current .....	414	5,317	4,215
Deferred .....	313	125	3,186
Total income taxes .....	727	5,442	7,401
<b>Minority interests in net income</b> .....	0	(11)	0
<b>Net income</b> .....	¥ 160	¥ 8,208	\$ 1,629
		Yen	U.S. dollars (Note 1)
<b>Per share of common stock</b> (Note 2(p))			
Net income .....	¥ 0.97	¥ 49.07	\$ 0.010
Cash dividends applicable to the year .....	6.00	12.00	0.061

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2009 and 2008)

	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
<b>Balance at 31st March 2007</b> .....	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 ( 1,005,738shares) ....	—	—	—	—	—	—
Net change in the year .....	—	—	—	—	(2,050)	(15)
<b>Balance at 31st March 2008</b> .....	171,231	18,472	23,750	39,235	3,094	(40)
Effect of changes in accounting policies applied to foreign subsidiaries (Note 2(b)).....	—	—	—	(786)	—	—
Net income .....	—	—	—	160	—	—
Cash dividends, ¥6.00 per share .....	—	—	—	(2,001)	—	—
Disposal of treasury stock (2,447 shares) .....	—	—	(0)	—	—	—
Purchase of treasury stock (5,006,899 shares) ....	—	—	—	—	—	—
Net change in the year .....	—	—	—	—	(2,006)	5
<b>Balance at 31st March 2009</b> .....	<b>171,231</b>	<b>¥ 18,472</b>	<b>¥ 23,750</b>	<b>¥ 36,608</b>	<b>¥ 1,088</b>	<b>¥ (35)</b>
	Thousands of U.S. Dollars (Note 1)					
<b>Balance at 31st March 2008</b> .....		\$ 188,048	\$ 241,780	\$ 399,420	\$ 31,497	\$ (407)
Effect of changes in accounting policies applied to foreign subsidiaries (Note 2(b)).....		—	—	(8,002)	—	—
Net income .....		—	—	1,629	—	—
Cash dividends, ¥6.00 per share .....		—	—	(20,371)	—	—
Disposal of treasury stock (2,447 shares) .....		—	(0)	—	—	—
Purchase of treasury stock (5,006,899 shares) ....		—	—	—	—	—
Net change in the year .....		—	—	—	(20,421)	51
<b>Balance at 31st March 2009</b> .....		<b>\$ 188,048</b>	<b>\$ 241,780</b>	<b>\$ 372,676</b>	<b>\$ 11,076</b>	<b>\$ (356)</b>
	Millions of yen					
	Land revaluation reserve	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
<b>Balance at 31st March 2007</b> .....	¥ 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 ( 1,005,738shares) ....	—	—	(694)	(694)	—	(694)
Net change in the year .....	—	(403)	—	(2,468)	(69)	(2,537)
<b>Balance at 31st March 2008</b> .....	626	(6,867)	(1,425)	76,845	874	77,719
Effect of changes in accounting policies applied to foreign subsidiaries (Note 2(b)).....	—	—	—	(786)	—	(786)
Net income .....	—	—	—	160	—	160
Cash dividends, ¥6.00 per share .....	—	—	—	(2,001)	—	(2,001)
Disposal of treasury stock (2,447 shares) .....	—	—	1	1	—	1
Purchase of treasury stock (5,006,899 shares) ....	—	—	(930)	(930)	—	(930)
Net change in the year .....	—	(4,115)	—	(6,116)	(40)	(6,156)
<b>Balance at 31st March 2009</b> .....	<b>¥ 626</b>	<b>¥ (10,982)</b>	<b>¥ (2,354)</b>	<b>¥ 67,173</b>	<b>¥ 834</b>	<b>¥ 68,007</b>
	Thousands of U.S. Dollars (Note 1)					
<b>Balance at 31st March 2008</b> .....	\$ 6,373	\$ (69,907)	\$ (14,507)	\$ 782,297	\$ 8,897	\$ 791,194
Effect of changes in accounting policies applied to foreign subsidiaries (Note 2(b)).....	—	—	—	(8,002)	—	(8,002)
Net income .....	—	—	—	1,629	—	1,629
Cash dividends, ¥6.00 per share .....	—	—	—	(20,371)	—	(20,371)
Disposal of treasury stock (2,447 shares) .....	—	—	10	10	—	10
Purchase of treasury stock (5,006,899 shares) ....	—	—	(9,467)	(9,467)	—	(9,467)
Net change in the year .....	—	(41,892)	—	(62,262)	(407)	(62,669)
<b>Balance at 31st March 2009</b> .....	<b>\$ 6,373</b>	<b>\$ (111,799)</b>	<b>\$ (23,964)</b>	<b>\$ 683,834</b>	<b>\$ 8,490</b>	<b>\$ 692,324</b>

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended March 31, 2009 and 2008)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
<b>Operating activities</b>			
Income before income taxes and minority interests.....	¥ 887	¥ 13,639	\$ 9,030
Adjustments for :			
Income taxes - paid.....	(4,554)	(8,327)	(46,361)
Depreciation and amortization.....	15,358	10,058	156,347
Loss on sales or disposals of property, plant and equipment.....	175	158	1,782
Loss on devaluation of investments in securities.....	318	3	3,237
Impairment loss.....	86	—	876
Changes in assets and liabilities			
Decrease in notes and accounts receivable.....	16,749	3,706	170,508
Decrease (increase) in inventories.....	5,842	(3,574)	59,473
Decrease in notes and accounts payable.....	(24,197)	(6,836)	(246,330)
Decrease in accrued expenses.....	(610)	(350)	(6,210)
Other, net.....	(1,931)	(643)	(19,658)
Net cash provided by operating activities.....	<u>8,123</u>	<u>7,834</u>	<u>82,694</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment.....	(17,133)	(17,488)	(174,417)
Proceeds from sale of property, plant and equipment.....	121	73	1,232
Other.....	(1,076)	(1,235)	(10,954)
Net cash used in investing activities.....	<u>(18,088)</u>	<u>(18,650)</u>	<u>(184,139)</u>
<b>Financing activities</b>			
Proceeds from long-term debt.....	8,850	9,600	90,095
Repayments of long-term debt.....	(6,408)	(4,404)	(65,234)
Increase in short-term borrowings, net.....	13,111	1,891	133,472
Acquisition of treasury stock.....	(930)	(694)	(9,468)
Cash dividends paid.....	(2,001)	(3,016)	(20,371)
Net cash provided by financing activities.....	<u>12,622</u>	<u>3,377</u>	<u>128,494</u>
<b>Foreign currency translation adjustments on cash and cash equivalents.....</b>			
	<u>(711)</u>	<u>(34)</u>	<u>(7,238)</u>
<b>Net increase(decrease) in cash and cash equivalents.....</b>	<b>1,946</b>	<b>(7,473)</b>	<b>19,811</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>10,139</b>	<b>17,612</b>	<b>103,217</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>¥ 12,085</b>	<b>¥ 10,139</b>	<b>\$ 123,028</b>
<b>Additional cash flow information</b>			
Interest paid.....	¥ 1,101	¥ 1,136	\$ 11,208

See notes to consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES  
For the years ended March 31, 2009 and 2008

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, 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 2008 consolidated financial statements to conform to the classifications used in 2009.

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 ¥98.23 to \$1, the approximate rate of exchange at March 31, 2009. 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 Co., Ltd. (Japan).

The number of consolidated subsidiaries and affiliates accounted for by the equity method as of March 31, 2009 and 2008 was as follows:

	2009	2008
Consolidated subsidiaries.....	16	17
Affiliates.....	2	2

The number of unconsolidated subsidiaries and affiliates not accounted for by the equity method as of March 31, 2009 and 2008 was as follows:

	2009	2008
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.

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

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No.18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. The Company applied this accounting standard effective April 1, 2008. The effect of this

change was to decrease to operating income by ¥61 million (\$621 thousand) and to increase income before income taxes and minority interests by ¥718 million (\$7,309 thousand). In addition, the beginning balance of retained earnings at April 1, 2008 was decreased ¥786 million (\$8,002 thousand) as if this accounting standard had been retrospectively applied.

**(c) Cash and cash equivalents**

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

**(d) Inventories**

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

(i) Finished products and work in process

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

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

(ii) Raw materials, supplies and purchased goods

Die castings.....Average method

Others.....Last purchase invoice price method

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

Prior to April 1 2008, inventories were stated at cost, determined by the average method. In July 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories". 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. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company and its consolidated domestic subsidiaries applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥359 million (\$3,655 thousand).

**(e) Marketable and investment securities**

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

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

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

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

**(f) Property, plant and equipment**

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

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

As a result of reviewing its use of assets and other factors in the wake of revisions to the Corporate Tax Law, the Company and its domestic subsidiaries have changed the useful life of machinery and equipment from 4 to 13 years to 4 to 12 years beginning from the fiscal year ending March 31, 2009.

The effect of this change was to decrease operating income by ¥883 million (\$8,989 thousand), and to decrease income before income taxes and minority interests by ¥987 million (\$10,048 thousand) respectively.

**(g) Long-lived assets**

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

The Ryobi Group reviewed its long-lived assets for impairment as of the year ended March 31, 2009 and, as a result, recognized an impairment loss of ¥86 million as other expenses for the Die castings segment in the United states due to changes in circumstances indicate that the carrying amount of goodwill is not recoverable.

**(h) Leases**

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

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

The Company and its consolidated domestic subsidiaries applied the revised accounting standard effective April 1, 2008. The effect of



this change was to increase operating income by ¥64 million (\$652 thousand), and to decrease income before income taxes and minority interests by ¥82 million (\$835 thousand), which included a cumulative effect of ¥106 million (\$1,079 thousand) at March 31, 2008.

All other leases are accounted for as operating leases.

**(i) Accrued severance indemnities and pension plan**

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

Effective April 1, 2000, the Ryobi Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The amount of the transitional obligation of ¥9,092 million (\$92,558 thousand), determined as of the beginning of this fiscal year, is amortized over ten years. Unrecognized prior service cost is amortized at the beginning of this fiscal year by using straight-line method over employees' remaining service period or shorter period (primarily 14 years). Unrecognized net actuarial loss is amortized from the next fiscal year by using the straight-line method over the employees' remaining service period or less (primarily 14 years).

**(j) Bonuses to directors and corporate auditors**

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

**(k) Income taxes**

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

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

**(l) Appropriation of retained earnings**

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

**(m) Translation of foreign currency accounts**

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

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

The balance sheet accounts of the consolidated overseas subsidiaries are translated into yen at the current exchange rates as of the balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" 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, 2009 and 2008.

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. Asset Retirement Obligations**

On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

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

beginning on or before March 31, 2010.

### 3. Accounting change

Changes in the classification of die casting dies

Applying unified accounting procedures to subsidiaries outside Japan for the presentation of consolidated financial statements in the fiscal year ending March 31, 2009, we revised the classification of the Ryobi Group's die casting dies, redistributing a portion of die casting dies from inventories to fixed assets.

This change in this accounting standard had no effect on operating income, and income before income taxes and minority interests for the fiscal year ending March 31, 2009. Based on the consolidated balance sheets for the current fiscal year, finished products and purchased goods decreased ¥2,962 million at the beginning of the fiscal year, while other fixed assets in property, plant and equipment increased the same amount. Work in process decreased ¥3,056 million, while construction in progress increased the same amount.

### 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, 2009 and 2008 was as follows:

	Millions of yen			
	2009			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	¥3,774	¥2,131	¥(338)	¥5,567
Bonds.....	100	—	(2)	98
Total.....	¥3,874	¥2,131	¥(340)	¥5,665

	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

	Thousands of U.S.dollars			
	2009			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	\$38,420	\$21,694	\$(3,441)	\$56,673
Bonds.....	1,018	—	(20)	998
Total.....	\$39,438	\$21,694	\$(3,461)	\$57,671

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
	Available-for-sale:		
Corporate shares.....	¥1,258	¥1,258	\$12,807

The book value of available-for-sale securities by contractual maturity for securities classified as available-for-sale at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
	Due in one year or less.....	¥100	¥ —
Due after one year through five years.....	—	100	—
Total.....	¥100	¥100	\$1,018

## 5. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Finished products and purchased goods.....	¥14,103	¥19,992	\$143,571
Work in process.....	8,252	14,312	84,007
Raw materials and supplies.....	6,865	7,552	69,887
<b>Total.....</b>	<b>¥29,220</b>	<b>¥41,856</b>	<b>\$297,465</b>

## 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	\$ 2,800
Land after revaluation.....	1,981	20,167
Land revaluation reserve, net of income taxes of ¥675 million (\$ 6,871 thousand) and attribution of minority interest of ¥ 405 million (\$ 4,123 thousand).....	¥ 626	\$ 6,373

As of March 31, 2009, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥ 668 million (\$ 6,800 thousand).

## 7. Short-term Borrowings and Long-term Debt

The annual weighted average interest rates applicable to short-term borrowings were 2.0% and 2.5%, at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Loans principally from banks and insurance companies with interest rates ranging from 1.21% to 6.31%:			
Secured.....	¥ 838	¥ 1,241	\$ 8,531
Unsecured.....	24,806	22,426	252,530
Lease obligations.....	1,365	—	13,896
<b>Total.....</b>	<b>27,009</b>	<b>23,667</b>	<b>274,957</b>
Less: Current portion.....	(6,954)	(6,003)	(70,793)
<b>Long-term debt less current portion.....</b>	<b>¥20,055</b>	<b>¥17,664</b>	<b>\$204,164</b>

The aggregate annual maturities of long-term debt at March 31, 2009 were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S.dollars
2010.....	¥ 6,954	\$ 70,793
2011.....	8,526	86,796
2012.....	7,176	73,053
2013.....	2,995	30,490
2014.....	1,022	10,404
2015 and thereafter.....	336	3,421
<b>Total.....</b>	<b>¥27,009</b>	<b>\$274,957</b>

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, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Net book value of property:			
Buildings and structures.....	¥ 3,538	¥ 4,714	\$ 36,017
Machinery and equipment.....	4,200	4,546	42,757
Land.....	2,833	2,881	28,841
Time deposit.....	—	4	—
Total.....	¥10,571	¥12,145	\$107,615

## 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, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Projected benefit obligation.....	¥ 32,588	¥ 32,792	\$ 331,752
Fair value of plan assets.....	(17,913)	(21,791)	(182,358)
Unrecognized prior service cost.....	1,964	2,198	19,994
Unrecognized actuarial loss.....	(9,401)	(5,638)	(95,704)
Unrecognized transitional obligation.....	(621)	1,241	(6,322)
Net liabilities.....	¥ 6,617	¥ 6,320	\$ 67,362

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Service cost.....	¥1,288	¥1,250	\$13,112
Interest cost.....	745	752	7,584
Expected return on plan assets.....	(739)	(822)	(7,523)
Amortization of prior service cost.....	(234)	(234)	(2,382)
Recognized actuarial loss.....	643	393	6,546
Amortization of transitional obligation.....	621	621	6,322
Net periodic retirement benefit costs.....	¥2,324	¥1,960	\$23,659

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
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 companies act (the "Companies Act"), 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 Companies Act that affect financial and accounting matters are summarized below;

### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having

independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

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

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

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

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

(c)Treasury stock and treasury stock acquisition rights

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

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

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

## 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 rate of 39.5% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
<b>Deferred tax assets:</b>			
Accrued severance cost.....	¥ 2,584	¥ 2,453	\$ 26,306
Tax loss carryforwards.....	13,634	16,158	138,797
Other.....	2,401	3,571	24,441
Valuation allowance.....	(13,543)	(16,585)	(137,870)
Deferred tax assets.....	¥ 5,076	¥ 5,597	\$ 51,674
<b>Deferred tax liabilities:</b>			
Unrealized gain on available -for-sale securities.....	¥ (736)	¥ (2,036)	\$ (7,493)
Other.....	(1,680)	(2,075)	(17,102)
Deferred tax liabilities.....	¥ (2,416)	¥ (4,111)	\$ (24,595)
Net deferred tax assets.....	¥ 2,660	¥ 1,486	\$ 27,079

The reconciliation between the normal effective statutory tax rate for the years ended March 31, 2009 and 2008 and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2009	2008
Normal effective statutory tax rate.....	39.5 %	39.5 %
Expenses not deductible for income tax purposes.....	18.9	1.1
Unrealized profit that exceeds total taxable income.....	28.1	( 0.1 )
Valuation allowance.....	68.1	( 4.2 )
Retained earnings of entities such as overseas subsidiaries.....	( 72.0 )	1.3
Other, net.....	( 0.7 )	2.3
Actual effective tax rate.....	81.9 %	39.9 %

## 11. Research and Development Costs

Research and development costs were ¥2,004 million (\$20,401 thousand) and ¥2,334 million for the years ended March 31, 2009 and 2008, respectively.

## 12. Leases

Future minimum lease payments of the Ryobi Group as of March 31, 2009 and 2008 under noncancelable operating leases were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Current.....	¥109	¥211	\$1,109
Non-current.....	187	85	1,904
<b>Total.....</b>	<b>¥296</b>	<b>¥296</b>	<b>\$3,013</b>

Pro forma information for the year ended March 31, 2008 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 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
<b>Total.....</b>	<b>¥4,586</b>	<b>¥2,939</b>	<b>¥1,647</b>

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 for the years ended March 31, 2008.

Future minimum lease payments :

	Millions of yen
	2008
Current.....	¥ 492
Non-current.....	1,157
<b>Total.....</b>	<b>¥1,647</b>

## 13. Contingent Liabilities

The Ryobi Group had the following contingent liabilities at March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Trade notes discounted.....	¥ 211	¥ 489	\$ 2,148
Guarantees and similar items			
Bank loans.....	111	131	1,130
Leases.....	1,254	1,718	12,766
Other.....	4	5	41
<b>Total.....</b>	<b>¥1,580</b>	<b>¥2,343</b>	<b>\$16,085</b>

## 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, 2009 and 2008.

	Millions of yen		
	2009		
	Contract amount	Fair value	Unrealized gain(loss)
Interest swap:			
Fixed rate payment, floating rate receipt.....	¥ —	¥ —	¥ —

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

	Thousands of U.S.dollars		
	2009		
	Contract amount	Fair value	Unrealized gain(loss)
Interest swap:			
Fixed rate payment, floating rate receipt.....	\$ —	\$ —	\$ —

Note: Derivatives which qualify for hedge accounting were excluded from the market value information in 2009 and 2008.

## 15. Segment Information

The segment information classified by industry and geographical market area is presented below with respect to the years ended March 31, 2009 and 2008.

### (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				
	2009				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations / corporate	Consolidated
Net sales:					
Unaffiliated customer.....	¥ 122,775	¥ 29,436	¥ 24,130	¥ —	¥ 176,341
Intersegment.....	144	—	1	(145)	—
Total.....	122,919	29,436	24,131	(145)	176,341
Operating costs and expenses.....	122,461	28,881	23,334	(140)	174,536
Operating income.....	¥ 458	¥ 555	¥ 797	¥ (5)	¥ 1,805
Total assets.....	¥ 96,096	¥ 27,841	¥ 23,562	¥ 19,700	¥ 167,199
Depreciation and amortization.....	13,560	978	821	—	15,359
Impairment loss.....	86	—	—	—	86
Capital expenditure.....	¥ 14,613	¥ 317	¥ 658	¥ —	¥ 15,588

	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

	Thousands of U.S.dollars				
	2009				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations / corporate	Consolidated
<b>Net sales:</b>					
Unaffiliated customer.....	\$1,249,873	\$299,664	\$245,648	\$ —	\$1,795,185
Intersegment.....	1,466	—	10	(1,476)	—
<b>Total.....</b>	<b>1,251,339</b>	<b>299,664</b>	<b>245,658</b>	<b>(1,476)</b>	<b>1,795,185</b>
Operating costs and expenses.....	1,246,676	294,014	237,545	(1,425)	1,776,810
Operating income.....	\$ 4,663	\$ 5,650	\$ 8,113	\$ (51)	\$ 18,375
Total assets.....	\$ 978,275	\$283,427	\$239,866	\$200,549	\$1,702,117
Depreciation and amortization.....	138,043	9,956	8,358	—	156,357
Impairment loss.....	876	—	—	—	876
Capital expenditure.....	\$ 148,763	\$ 3,227	\$ 6,699	\$ —	\$ 158,689

The amounts of corporate assets as of March 31, 2009 and 2008 included in the "Eliminations or corporate assets" were ¥19,706 million (\$200,611 thousand) and ¥19,062 million, respectively, which mainly consisted of cash, securities and long-term investment assets (investments in securities).

The effect of change in valuation method for inventories described in Note 2.(d) was to decrease operating income of Die castings, Printing equipment and Power tools and builders' hardware for the year ended March 31, 2009, by ¥117 million (\$1,191 thousand), ¥216 million (\$2,199 thousand) and ¥26 million (\$265 thousand), respectively, from such segment in the prior year.

The effect of Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements described in Note 2.(b) was to decrease operating income of Die castings for the year ended March 31, 2009, by ¥61 million (\$621 thousand) from such segment in the prior year.

The effect of revised "Accounting Standard for Lease Transactions" described in Note 2.(h) was to increase operating income of Die castings, Printing equipment and Power tools and builders' hardware for the year ended March 31, 2009, by ¥48 million (\$489 thousand), ¥14 million (\$143 thousand) and ¥3 million (\$31 thousand), respectively, from such segment in the prior year.

The effect of change of the useful life of machinery and equipment described in Note 2.(f) was to decrease operating income of Die castings, Power tools and builders' hardware for the year ended March 31, 2009, by ¥911 million (\$9,274 thousand), ¥4 million (\$41 thousand), and to increase operating income of Printing equipment for the year ended March 31, 2009, by ¥31 million (\$316 thousand), respectively, from such segment in the prior year.

## (2) Geographical segment information

	Millions of yen				
	2009				
	Japan	The Americas	Other overseas	Eliminations / corporate	Consolidated
<b>Net sales:</b>					
Unaffiliated customer.....	¥147,867	¥21,278	¥ 7,196	¥ —	¥176,341
Intersegment.....	3,312	—	7,096	(10,408)	—
<b>Total.....</b>	<b>151,179</b>	<b>21,278</b>	<b>14,292</b>	<b>(10,408)</b>	<b>176,341</b>
Operating costs and expenses.....	148,203	21,662	14,952	(10,281)	174,536
Operating income(loss).....	¥ 2,976	¥ (384)	¥ (660)	¥ (127)	¥ 1,805
Total assets.....	¥119,967	¥17,916	¥15,373	¥ 13,943	¥167,199

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



	Thousands of U.S.dollars				
	2009				
	Japan	The Americas	Other overseas	Eliminations / corporate	Consolidated
<b>Net sales:</b>					
Unaffiliated customer.....	\$1,505,314	\$216,614	\$ 73,257	\$ —	\$1,795,185
Intersegment.....	33,717	—	72,238	(105,955)	—
<b>Total.....</b>	<b>1,539,031</b>	<b>216,614</b>	<b>145,495</b>	<b>(105,955)</b>	<b>1,795,185</b>
Operating costs and expenses.....	1,508,735	220,523	152,215	(104,663)	1,776,810
Operating income(loss).....	\$ 30,296	\$ (3,909)	\$ (6,720)	\$ (1,292)	\$ 18,375
<b>Total assets.....</b>	<b>\$1,221,287</b>	<b>\$182,388</b>	<b>\$156,500</b>	<b>\$ 141,942</b>	<b>\$1,702,117</b>

The amounts of corporate assets as of March 31, 2009 and 2008 included in the "Eliminations or corporate assets" were ¥19,706 million (\$200,611 thousand) and ¥19,062 million, respectively, which mainly consisted of cash, securities and long-term investment assets (investments in securities).

The effect of change in valuation method for inventories described in Note 2.(d) was to decrease operating income of Japan for the year ended March 31, 2009, by ¥359 million (\$3,655 thousand) from such segment in the prior year.

The effect of Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements described in Note 2.(b) was to decrease operating income of The Americas for the year ended March 31, 2009, by ¥61 million (\$621 thousand) from such segment in the prior year.

The effect of revised "Accounting Standard for Lease Transactions" described in Note 2.(h) was to increase operating income of Japan for the year ended March 31, 2009, by ¥64 million (\$652 thousand) from such segment in the prior year.

The effect of change of the useful life of machinery and equipment described in Note 2.(f) was to decrease operating income of Japan for the year ended March 31, 2009, by ¥883 million (\$8,989 thousand) from such segment 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, 2009 and 2008 are presented below:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
<b>Export sales and sales by overseas subsidiaries:</b>			
The Americas.....	¥27,362	¥35,238	\$278,550
Europe.....	15,597	22,192	158,780
Other.....	8,623	11,540	87,835
<b>Total.....</b>	<b>¥51,587</b>	<b>¥68,970</b>	<b>\$525,165</b>
<b>Percentage of such sales against consolidated net sales:</b>			
The Americas.....	15.5 %	16.3 %	
Europe.....	8.9	10.3	
Other.....	4.9	5.3	
<b>Total.....</b>	<b>29.3 %</b>	<b>31.9 %</b>	

## 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, 2009 and 2008, 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

*Deloitte Touche Tohmatsu*

June 12, 2009

# CORPORATE INFORMATION

## CORPORATE DATA

**Company Name**  
RYOBI LIMITED

**Established**  
December 16, 1943

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

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

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

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

## MANAGEMENT MEMBERS

(As of June 25, 2009)

### BOARD OF DIRECTORS

<b>Chairman and Representative Director</b>	Hiroshi Urakami
<b>President and Representative Director</b>	Susumu Yoshikawa
<b>Directors</b>	Takashi Yokoyama Koji Ishii Akira Urakami Kenjiro Suzuki
<b>Outside Director</b>	Satoshi Ohoka

### CORPORATE OFFICERS

<b>Chief Executive Officer</b>	Hiroshi Urakami
<b>Chief Operating Officer</b>	Susumu Yoshikawa
<b>Executive Corporate Officer</b>	Takashi Yokoyama
<b>Corporate Officers</b>	Koji Ishii Kenjiro Suzuki Kuniyuki Ito Naomichi Honkawa Kazuaki Danjo Shoji Osawa Hideki Domoto Hiroyuki Kawaguchi Takashi Suzuki

### CORPORATE AUDITORS

<b>Standing Corporate Auditor</b>	Shozo Kobayashi
<b>Outside Corporate Auditor</b>	Tairo Katoh
<b>Corporate Auditor</b>	Tsuyoshi Mifune
<b>Outside Corporate Auditor</b>	Izumi Kurosawa

## 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

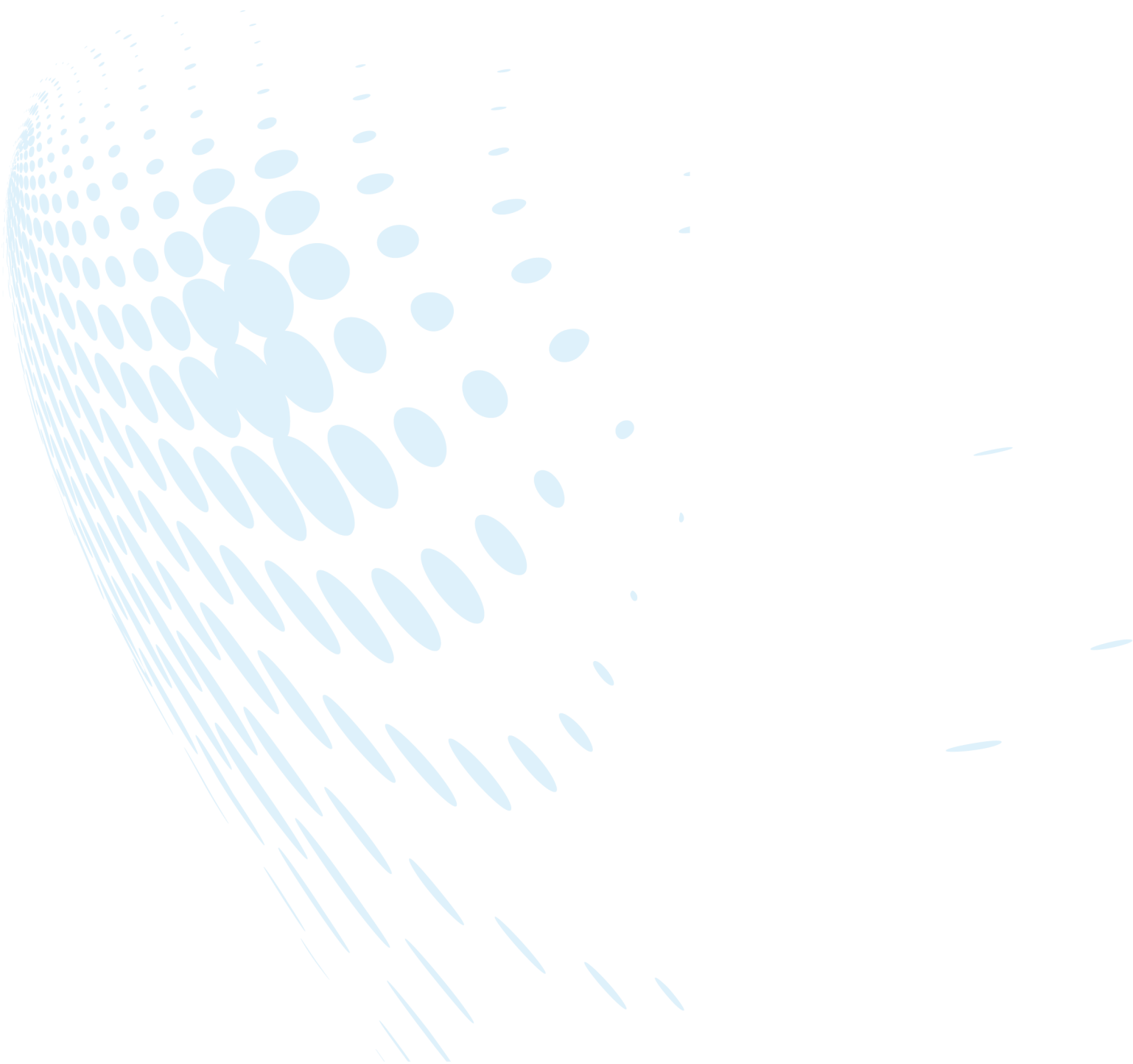
**Number of Shares Issued**  
(As of March 31, 2009)

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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**RYOBI** RYOBI LIMITED

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