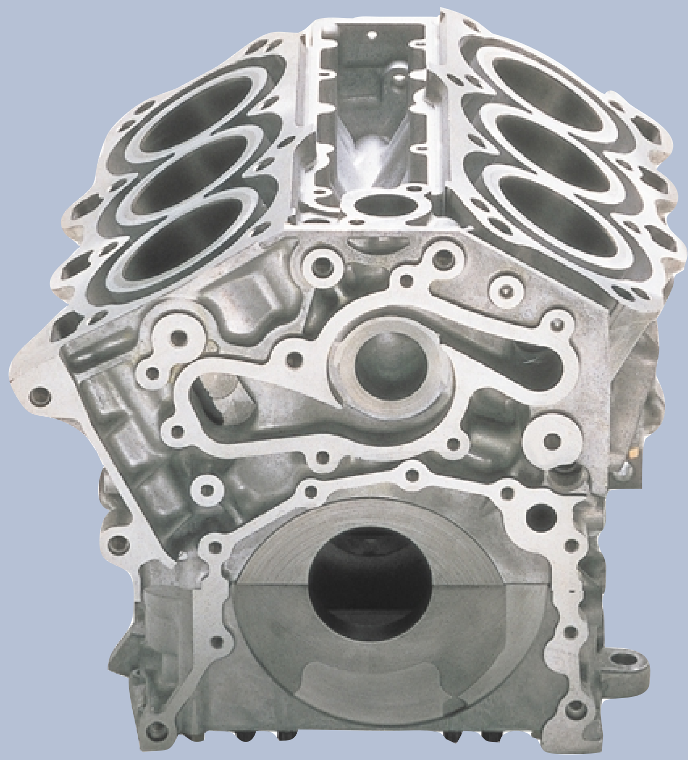


V6 CYLINDER BLOCK

PROFILE

Ryobi Limited is a world-class manufacturer of die castings with a lineup of finished products that includes printing equipment, power tools, builders' hardware, fishing tackle and golf equipment. Global capabilities in product development, production and sales and marketing support strong customer satisfaction throughout the world. With a strategic emphasis on profitability, the Company is refocusing on the strengths of each business line to target growth in both die castings and finished products.

RYOBI 686

CONTENTS

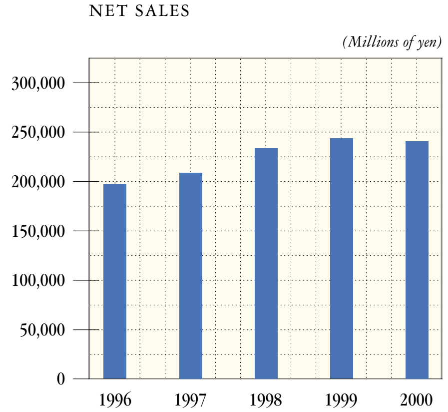
CONSOLIDATED FINANCIAL HIGHLIGHTS

(For the years ended 31st March 2000, 1999 and 1998)

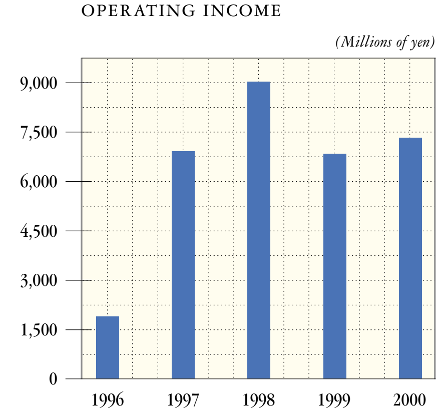
	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2000	1999	1998	**2000**
For the fiscal period:				
Net sales	**¥240,074**	¥242,774	¥232,997	**$2,261,649**
Operating income	**7,303**	6,817	8,999	**68,799**
Net income (loss)	**2,831**	(3,086)	1,437	**26,670**
As at fiscal year-end:				
Total assets	**¥238,080**	¥233,654	¥239,219	**$2,242,864**
Total shareholders' equity	**33,360**	32,540	36,916	**314,272**
	Yen			U.S. Dollars (Note 2)
Per share data:				
Net income (loss)—Primary	**¥ 16.59**	¥ (18.02)	¥ 8.39	**$ 0.156**
Cash dividends	**—**	3.75	7.50	**—**

Notes: 1. Net income (loss) 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 ¥106.15=US$1 the exchange rate prevailing on 31st March 2000.

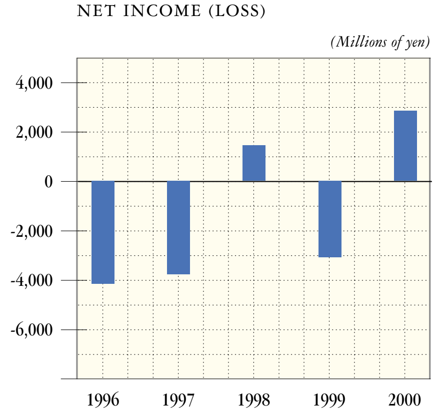
NET SALES



OPERATING INCOME



NET INCOME (LOSS)



Sound and Dynamic Corporation

Ryobi Limited aggressively promotes marketing activities in each of its operations and advances a variety of measures to research and develop new products that match customer needs, reduce cost of sales, lower expenses and raise business efficiency. During fiscal year 2000, ended 31st March 2000, consolidated net sales edged down 1.1% to ¥240.1 billion compared with the previous fiscal year. Although domestic net sales increased 5.2% to ¥137.2 billion, overseas net sales declined 8.4% to ¥102.8 billion, adversely affected by the sharp appreciation of the yen. Operating income rose 7.1% to ¥7.3 billion. Net income of ¥2.8 billion was recorded as the Company recovered from losses posted in the previous term. Although an extraordinary loss was recorded in accordance with a loss on the sale of power tool operations in North America, net income was posted on the sale of assets and the application of tax-effect accounting.

Ryobi has made concerted efforts to optimize the scale and reinforce the structure of each of its operations to implement a high earnings structure. We created and implemented the Sound Management Plan following a sweeping review of its business and earnings structure. The plan aims to improve investment efficiency and improve performance by considering tie-ups with other companies and curtailing and withdrawing from unprofitable businesses.

The scope of the review in the Sound Management Plan covers our North America power tools, domestic power tools and fishing tackle businesses. Despite long-term efforts focused on these businesses, revenues have not increased, prompting calls for extensive business restructuring. We will strive to negate factors that drive down consolidated income and improve revenues in each business by applying tough measures to unprofitable businesses.

Ryobi will maximize the allocation of management resources in our competitive and profitable core die casting and printing equipment operations.

To maintain our position as the world's leading die casting manufacturer, we will reinforce operations in the three-region structure of Japan, the United States and Europe and further strengthen and expand ties with die casting customers, especially automobile manufacturers.

In printing equipment, we will further reinforce our solid reputation in world markets by advancing high precision multicolor and functions. We will also focus efforts on expanding our lineup of small- and medium-size printing presses.

In fiscal 2001, management is prioritizing the early realization of profits on large-scale investment in die casting operations in North America and at a new plant for printing equipment. In addition, Ryobi Limited aims to restore profitability on a consolidated and non-consolidated basis through the firm and prompt implementation of its Sound Management Plan.

We introduced a Corporate Officer system in June 2000 in an aim to revitalize the Board of Directors and strengthen management decision making functions.

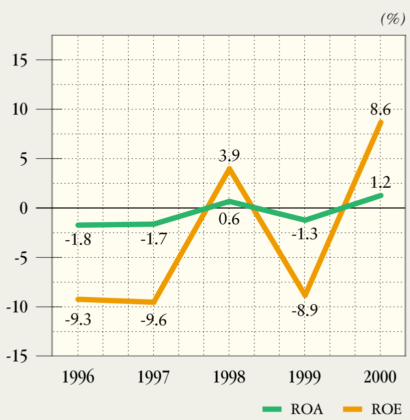
Ryobi will make every effort to be a "Sound and Dynamic Corporation" to meet the expectations of our shareholders, customers and business associates. Thank you for your continued support.

June 2000

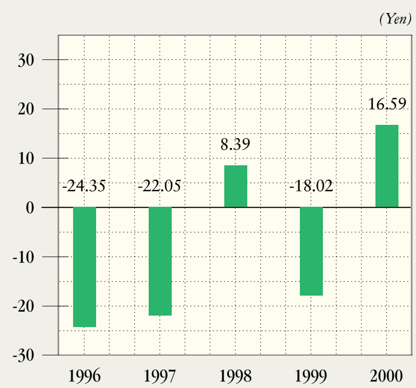
Hiroshi Urakami
President

Trends in financial and operating measures demonstrate the necessity for improving profitability and efficiency. To be a “Sound and Dynamic Corporation” with solid support from its stakeholders, Ryobi intends to raise its ROS, ROA and other return measures. We have already made concerted efforts to optimize the scale and reinforce the structure of each our operations to create a strong earnings structure and we are now implementing a thorough reform plan to directly address key issues. Specifically, we aim to achieve the concrete targets listed on the facing page through our “Sound Management Plan.”

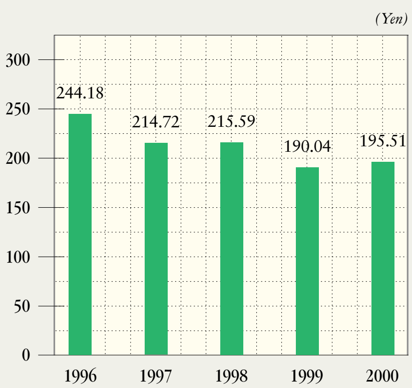
ROE&ROA



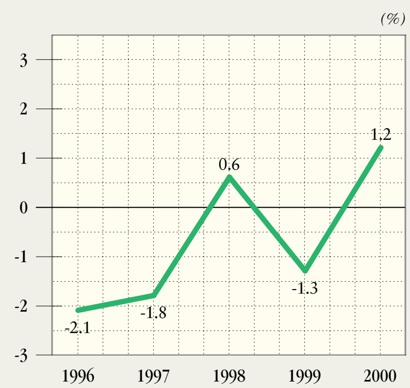
NET INCOME (LOSS) PER SHARE



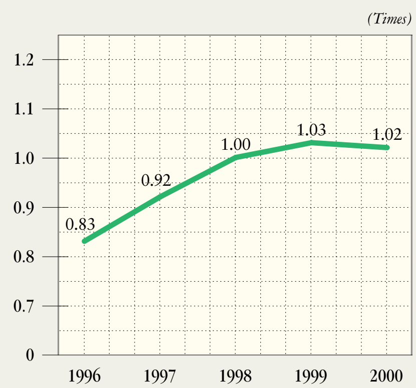
NET ASSET PER SHARE



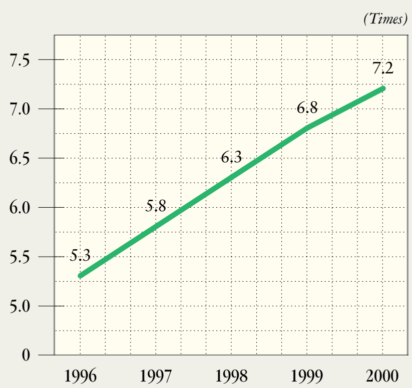
RETURN ON SALES



ASSET TURNOVER



FINANCIAL LEVERAGE



Challenges

THE NEW RYOBI

Ryobi will promote the concentration of management resources in fields of strength by reviewing unprofitable businesses in an aim to increase corporate value.

Initiatives

SWEEPING REVIEW OF UNPROFITABLE BUSINESSES

Our power tool operations in North America will be transferred to a third party. Ryobi Limited will strengthen management across Group companies comprising domestic power tool operations, and promote streamlining and personnel reductions.

In fishing tackle operations, we will reduce personnel and redouble efforts to streamline the product lineup. At the same time, an extensive review will be conducted while considering the transfer of operations to a third party.

CONCENTRATE MANAGEMENT RESOURCES IN CORE BUSINESSES

We will maximize the allocation of management resources in the core businesses of die casting and printing equipment, primary sources of revenue, and further increase competitiveness and earnings power. As a result, we expect the contribution of these core businesses to net sales to increase from 53% in fiscal 1999 to 78% in fiscal 2004.

REDUCE INTEREST-BEARING DEBT

The Company sold a portion of its marketable securities and real estate to reduce interest-bearing debt and partially offset losses incurred from the transfer of power tool operations in North America. In addition, we will transfer to a third party North American lawn and garden equipment operations, which have performed relatively well.

We plan to reduce interest-bearing debt by half, from ¥133.4 billion in fiscal 1999 to ¥65.7 billion in fiscal 2004.

REDUCE COSTS AND IMPROVE BUSINESS EFFICIENCY

Ryobi will focus efforts on promoting further improvements in business efficiency while lowering overall costs. Group personnel following completion of a review of unprofitable businesses are projected to decrease approximately 28% to 6,571 employees compared with the end of fiscal 1999.

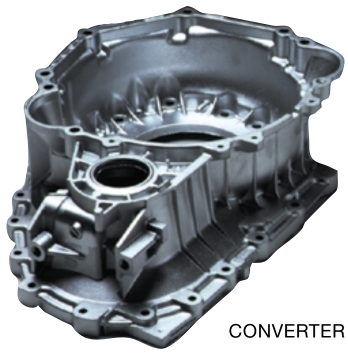
Target

ROA and ROS: **3.2%**

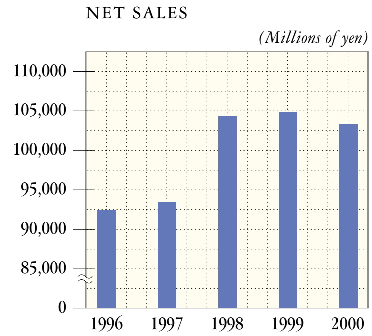
(In the fiscal year ending 31st March 2004)

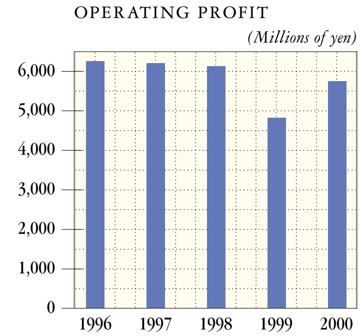
DIE CASTINGS

> THE EARNINGS PILLAR DRIVING GROWTH AT RYOBI



CONVERTER HOUSING





REVIEW

As the world's leading die casting manufacturer, Ryobi supplies die casting products to a variety of fields including automobile, home appliance and industrial machinery. Our die casting products for automobiles, including cylinder blocks and transmission cases, are employed in approximately 2,000 parts of more than 100 automobile models in Japan and overseas. In addition, our aluminum die castings contribute to energy consumption and resource conservation due to their lightweight and recyclable qualities.

The secret behind our die castings, highly evaluated for their technological capabilities and high quality, lies in our integrated manufacturing system, from die design and fabrication to casting, machining and assembly, which allows a rapid and precise response to customer needs. We are concentrating efforts on making new die cast products and increasing the quality of die casting various functional products through such innovative technology as Ryobi New Casting (RNC), a new die casting production system that enables the manufacture of high-strength and high-quality die casting products.

PERFORMANCE

During the fiscal year ended 31st March 2000, net sales in die castings decreased 1.4% to ¥103.3 billion, while operating income advanced 19.4% to ¥5.7 billion compared with the previous fiscal year. In the automobile industry, sales were favorable for compact automobiles and medium and large two-wheeled vehicles for export, leading to strong orders for the Company. However, overall net sales edged down, adversely affected by a decrease in production at automobile manufacturers in Japan. The increase in operating income was mainly the result of improvements made at a manufacturing subsidiary in the United States.

OUTLOOK

We will maximize the allocation of management resources in our competitive die casting operations, reinforcing our primary source of earnings. Strengthening its three-region structure comprising Japan, the United States and Europe, the Company aims to ensure its unshakable position as the world's leading die casting manufacturer by bolstering and expanding its customer relationships, especially with the world's automobile manufacturers. To accomplish this, management has prioritized the early realization of profits of die casting operations in North America, which received large-scale investment in the previous term. We will make concerted efforts to thoroughly reduce costs and develop die casting technology and materials that will heighten our competitiveness in the future. With an eye on the next stage of business development, we are also examining non-automobile markets for die casting products.

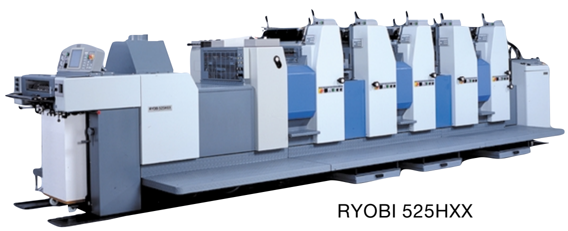
TOPICS: ISO 9001 and 9002 Certification

With the acquisition of ISO 9001 certification for the design, development and fabrication of casting dies, and ISO 9002 certification for the manufacture of aluminum die casting products in May 1999, we continue to improve our response to quality control and quality assurance issues.

ISO CERTIFICATION

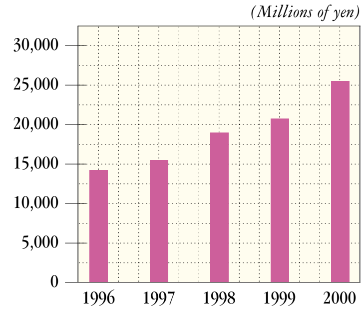
PRINTING EQUIPMENT

> AIMING TO INCREASE REVENUES BY ENTERING NEW FIELDS

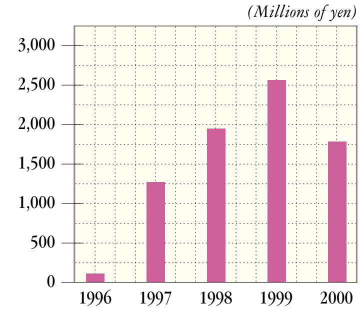


RYOBI 525HXX

NET SALES



OPERATING PROFIT



REVIEW

Ryobi already boasts the largest share of the market for small offset presses. We provide high-quality, easy-to-use products as a comprehensive manufacturer of printing systems by participating in the market for medium-sized offset presses and digital presses and developing prepress systems.

Advancing product development with an emphasis on increasing speed, automation and labor-saving functions, our offset presses have received high appraisal mainly in Europe and the United States. In prepress systems, we respond to demands in the printing industry through the development of high-performance multi-function editing workstations and original character fonts.

Ryobi Limited has established systems for quality management and environmental preservation with the acquisition of ISO 9001 certification for the design, development and manufacture of offset presses in 1997 and ISO 14001 certification for environmental management for its business activities and products in 1998.

PERFORMANCE

Net sales of printing equipment climbed 22.8% to ¥25.4 billion and operating income fell 30.4% to ¥1.8 billion. Exports declined, adversely affected by the strong yen, and non-consolidated net sales decreased 7.5% compared with the previous fiscal year. However, consolidated net sales increased overall on account of a domestic sales subsidiary accounted for by the equity method becoming a consolidated subsidiary. Sales were strong for our new A3-size landscape format offset presses, and our A2-size high-speed multicolor offset presses were highly praised in Japan and overseas. In December 1999, a new plant for printing equipment was completed, strengthening our production structure for medium-sized (A2-size) offset presses.

OUTLOOK

As with die casting operations, Ryobi will maximize the allocation of management resources in printing equipment operations to expand our primary source of earnings. To do so, we will focus efforts on the early realization of profits on the new plant and expand our share of the market for medium-sized offset presses. We will further enhance its position in the world market by pursuing high-precision multicolor in response to demand for color and advance functionality.

Ryobi aims to expand its market share of offset presses and increase profits by developing highly original products, accelerating development, reducing overall costs, shortening delivery periods and further enhancing its marketing and service structure.

In the prepress field, we will concentrate efforts on the development and sale of editing workstations and character fonts with an emphasis on profitability. Ryobi plans to increase competitiveness by aiming to boost system integration, from prepress to press, through its editing workstations and presses.

TOPICS: Construction Completed on New Printing Equipment Plant

In December 1999, construction was completed on a new printing equipment plant with development and design departments and a showroom. Operations began in January 2000. This new plant will primarily produce medium-sized offset presses, a product area we are currently strengthening.

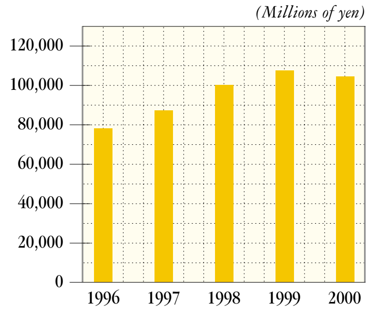
NEW PRINTING EQUIPMENT PLANT

POWER TOOLS

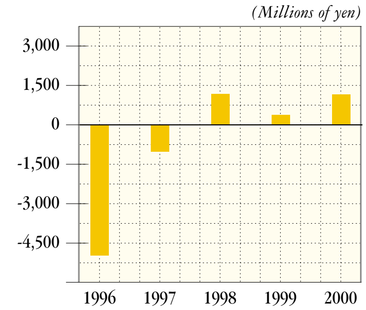
> BUILDING A STRUCTURE THAT CREATES STEADY PROFITS

BE4240 BELT SANDER

NET SALES



OPERATING PROFIT



REVIEW

Our Power Tools, which includes power tools and lawn and garden equipment, boasts 400 varieties that are admired throughout the world. Targeting amateurs and professionals alike, Ryobi promotes product development that closely matches needs while pursuing higher performance, compactness, safety and ease of use.

In Builders' Hardware, we develop and sell door closers that are compatible with a diverse range of doors for residences and buildings, as well as such architecture hardware as floor hinges, contributing to the safety and pleasantness of living environments.

PERFORMANCE

Net sales were down 2.9% to ¥104.1 billion, while operating income increased 212% to ¥1.2 billion. Although net sales increased due to a domestic sales subsidiary accounted for by the equity method becoming a consolidated subsidiary, overall net sales declined, as the sales of overseas subsidiaries were adversely affected by the strong yen. Operating income increased on the back of substantial improvements at marketing subsidiaries in Europe and Oceania and a manufacturing subsidiary in Dalian, China despite a decline in North American operations.

OUTLOOK

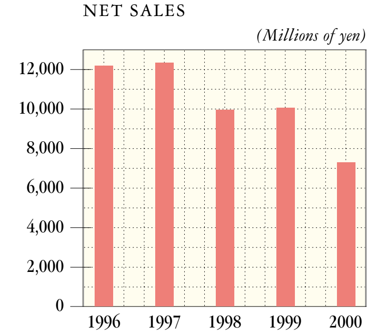
The rate of return will improve with the transfer of power tool operations in North America. Ryobi aims to build a structure that will create steady profits by thoroughly streamlining its development, production and sales structures, and focusing on products in fields the Company can deploy its strengths.

OTHERS

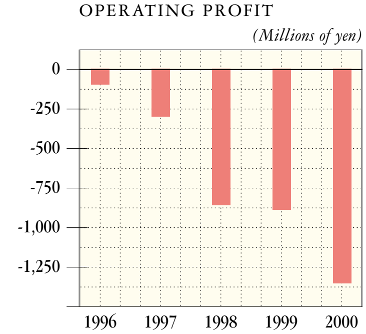
> AIMING FOR A PROMPT RETURN TO PROFITABILITY WITH THOROUGH STREAMLINING

VIGOROUS V333

NET SALES



OPERATING PROFIT



REVIEW

Utilizing its development capabilities, Ryobi Limited engages in production of such sporting goods and leisure products as fishing tackle and golf equipment. The Company develops and supplies highly original products, especially fishing reels and golf clubs.

PERFORMANCE

Net sales declined 27.5% to ¥7.3 billion and an operating loss of ¥1.4 billion was recorded, adversely affected by a drop in domestic demand for fishing tackle.

OUTLOOK

Ryobi Limited is focusing efforts on streamlining through personnel reductions and a slimmer product lineup while considering the transfer of operations to a third party, as previously stated. In Sporting Goods, the Company will continue to strengthen its profit structure by placing priority on products high in originality, as represented by the VIGOROUS series of golf clubs.

FISCAL PERIOD COMPARATIVE SUMMARY

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended 31st March)

	Millions of Yen					
	2000	1999	1998	1997	1996	1995
For the fiscal period:						
Net sales	**¥240,074**	¥242,774	¥232,997	¥208,198	¥196,417	¥197,624
Cost of sales	**190,214**	200,494	189,916	169,568	164,081	162,306
Gross profit	**49,860**	42,280	43,081	38,630	32,336	35,318
Selling, general and administrative expenses	**42,557**	35,463	34,082	31,743	30,462	28,121
Operating income	**7,303**	6,817	8,999	6,887	1,874	7,197
Income taxes	**(11,231)**	1,719	3,066	3,421	2,857	3,063
Net income (loss)	**2,831**	(3,086)	1,437	(3,775)	(4,166)	(457)
As at fiscal year-end:						
Total assets	**¥238,080**	¥233,654	¥239,219	¥225,504	¥227,006	¥247,320
Total shareholders' equity	**33,360**	32,540	36,916	36,767	41,789	48,183
	Yen					
Per share data:						
Net income (loss)—Primary	**¥ 16.59**	¥ (18.02)	¥ 8.39	¥ (22.05)	¥ (24.35)	¥ (2.67)
Cash dividends	**—**	3.75	7.50	7.50	7.50	8.50

Notes: 1. Net income (loss) per share figures are based on the weighted average number of shares outstanding each year.
2. The 1995 ¥8.50 cash dividend includes a special ¥1.00 dividend.
3. Cash dividends per share are the amounts applicable to the respective years, including dividends to be paid after the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OPERATING PERFORMANCE

Consolidated net sales for the fiscal year ended 31st March 2000, declined 1.1% to ¥240,074 million. Of this, domestic sales rose 5.2%, while overseas sales decreased 8.4%. A major factor in the overseas sales decline was the strong yen appreciation against major currencies during the fiscal year based on average exchange rates, which are used for translating income statement accounts into yen. For example, the average yen to dollar rate appreciated 13.9% from ¥132.33 to ¥113.88.

Net sales and operating income by segment are discussed below.

Die Castings

Net sales in the Die Casting segment slipped 1.4% to ¥103,284 million, reflecting a decrease in domestic automobile production. Operating income, however, climbed 19.4% to ¥5,736 million, supporting highly improved productivity at a U.S. manufacturing subsidiary.

Printing Equipment

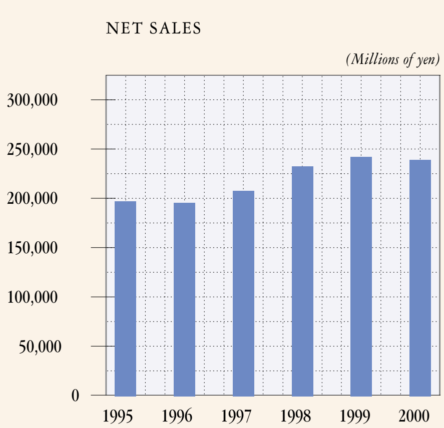
Net sales in the Printing Equipment segment grew 22.8% to ¥25,403 million, reflecting the addition of a new consolidated company, but the parent company's sales decreased 7.5% as the yen appreciation hindered export sales. Operating income fell 30.4% to ¥1,778 million.

Power Tools

Net sales in the Power Tools segment declined 2.9% to ¥104,094 million, reflecting a decrease in overseas subsidiaries sales as the yen appreciated against major currencies during the fiscal year. However, with a great improvement in European and Oceanic sales and distribution subsidiaries as well as in a Chinese manufacturing subsidiary, operating income soared 211.2% to ¥1,154 million, which compensated for lower results in the U.S. market.

Other

Net sales fell 27.5% to ¥7,293 million, with an operating loss of ¥1,355 million, as a result of a slump in the domestic fishing tackle market.



Operating income grew 7.1% to ¥7,303 million, with the operating income to net sales ratio improving 0.2 percent.

Other expenses increased ¥11,160 million to ¥22,286 million, reflecting a special charge for disposal of the U.S. power tools segment. However, the Ryobi Group recorded a net income for the period of ¥2,831 million, reflecting the gain on sale of assets and the adoption of deferred tax accounting.

LIQUIDITY AND FINANCIAL POSITION

Net cash provided by operating activities increased ¥5,330 million to ¥13,960 million.

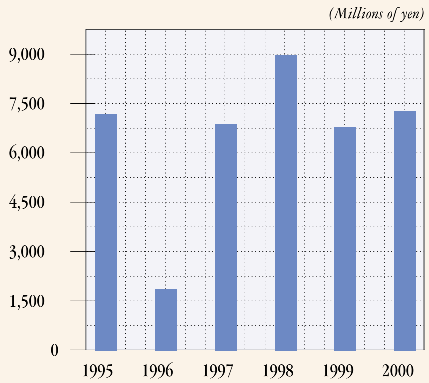
Net cash provided by investing activities increased ¥18,664 million to ¥1,265 million, including the proceeds from sales of property, plant and equipment, and of investments in securities.

And net cash used in financing activities increased ¥15,934 million to ¥7,368 million, including the decrease in interest-bearing debts. In aggregate, the Ryobi Group recorded a net increase in cash and cash equivalents of ¥7,461 million. After adjustment for exchange rate changes and increase of consolidated subsidiaries, cash and cash equivalents at end of fiscal year totaled ¥23,082 million.

Total assets edged up 1.9% to ¥238,080 million. Major factors in this increase are due to accounting for deferred tax assets and proceeds from sales of property, plant and equipment, and investment in securities.

Total shareholders' equity increased 2.5% to ¥33,360 million. As a result, the equity ratio rose to 14.0% from 13.9% a year earlier.

OPERATING INCOME



CONSOLIDATED BALANCE SHEETS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(As at 31st March 2000 and 1999)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2000	1999	2000
Current assets			
Cash and cash equivalents	¥ 23,082	¥ 13,146	$ 217,447
Time deposits (Note 5)	2,453	2,240	23,109
Marketable securities (Notes 3 and 5)	629	1,273	5,926
Notes and accounts receivable (Note 5)			
Trade	49,004	44,653	461,649
Unconsolidated subsidiaries and affiliates	308	10,359	2,902
Other	2,779	3,641	26,180
Allowance for doubtful accounts	(430)	(335)	(4,051)
Inventories (Note 4)	44,873	49,926	422,732
Deferred tax assets (Note 8)	3,717	170	35,016
Prepaid expenses and other	1,235	708	11,634
Total current assets	127,650	125,781	1,202,544
Property, plant and equipment (Note 5)			
Land	21,356	20,729	201,187
Buildings and structures	42,862	39,823	403,787
Machinery and equipment	101,858	86,991	959,567
Construction in progress	2,266	6,931	21,347
Total	168,342	154,474	1,585,888
Accumulated depreciation	(95,989)	(80,800)	(904,277)
Net property, plant and equipment	72,353	73,674	681,611
Investments and other assets			
Investments in securities (Notes 3 and 5)	6,697	7,678	63,090
Investments in and advances to unconsolidated subsidiaries and affiliates	790	1,042	7,442
Intangible fixed assets	12,069	13,693	113,698
Deferred tax assets (Note 8)	6,955	—	65,520
Other	4,264	4,949	40,170
Allowance for doubtful accounts	(770)	(757)	(7,254)
Total investments and other assets	30,005	26,605	282,666
Adjustments on foreign currency statement translation	8,072	7,594	76,043
Total	¥238,080	¥233,654	$2,242,864

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2000	Millions of Yen 1999	Thousands of U.S. Dollars (Note 1) 2000
Current liabilities			
Short-term borrowings (Note 5)	¥ 61,581	¥ 62,187	$ 580,132
Current portion of long-term debt (Note 5)	13,273	13,518	125,040
Notes and accounts payable			
Trade	40,231	40,598	379,001
Unconsolidated subsidiaries and affiliates	491	467	4,626
Other	2,715	2,908	25,577
Accrued expenses	6,371	6,026	60,019
Income taxes payable	285	395	2,685
Accrued loss on disposal of business segment (Note 2 (g))	12,625	—	118,935
Other current liabilities	6,367	8,453	59,981
Total current liabilities	143,939	134,552	1,355,996
Long-term liabilities			
Long-term debt (Note 5)	53,340	58,801	502,497
Accrued severance indemnities	3,897	3,380	36,712
Other long-term liabilities (Note 6)	2,696	4,193	25,398
Total long-term liabilities	59,933	66,374	564,607
Minority interests	848	188	7,989
Commitments and contingent liabilities (Notes 10 and 11)			
Shareholders' equity (Notes 5 and 7)			
Common stock, par value ¥50 per share:			
Authorised: 500,000,000 shares			
Issued: 171,230,715 shares	18,472	18,472	174,018
Additional paid-in capital	23,517	23,517	221,545
Deficits	(8,555)	(9,448)	(80,594)
Treasury stock (600,169 shares in 2000, 5,398 shares in 1999)	(74)	(1)	(697)
Total shareholders' equity	33,360	32,540	314,272
Total	¥238,080	¥233,654	$2,242,864

CONSOLIDATED STATEMENTS OF OPERATIONS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended 31st March 2000 and 1999)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Net sales	¥240,074	¥242,774	$2,261,649
Cost of sales	190,214	200,494	1,791,936
Gross profit	49,860	42,280	469,713
Selling, general and administrative expenses	42,557	35,463	400,914
Operating income	7,303	6,817	68,799
Other income			
Interest and dividends	378	583	3,561
Gain on sales of investment securities	3,261	—	30,721
Other	2,881	2,178	27,140
Total other income	6,520	2,761	61,422
Other expenses			
Interest	5,003	5,749	47,131
Amortisation of intangible fixed assets	614	724	5,784
Equity in loss of affiliates	—	1,432	—
Loss on disposal of business segment (Note 2 (g))	12,625	—	118,935
Other	4,044	3,221	38,098
Total other expenses	22,286	11,126	209,948
Loss before income taxes and other items	(8,463)	(1,548)	(79,727)
Income taxes (Note 8)			
Current	587	1,719	5,530
Deferred	(11,818)	—	(111,333)
Total income taxes	(11,231)	1,719	(105,803)
Minority interests	63	181	594
Net income (loss)	¥ 2,831	¥ (3,086)	$ 26,670

	Yen		U.S. Dollars (Note 1)
Per share of common stock (Note 2 (n))			
Net income (loss)	¥ 16.59	¥ (18.02)	$ 0.156
Fully diluted net income	16.19	—	0.153
Cash dividends applicable to the year	—	3.75	—

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended 31st March 2000 and 1999)

	Number of Shares of Common Stock (Thousands)	Millions of Yen			
		Common Stock	Additional Paid-in Capital	Deficits	Treasury stock
Balance at 31st March 1998	171,231	¥ 18,472	¥ 23,517	¥ (5,072)	¥ (1)
Net loss	—	—	—	(3,086)	—
Cash dividends, ¥7.50 per share	—	—	—	(1,284)	—
Bonuses to directors and statutory auditors	—	—	—	(6)	—
Treasury stock increased, net (2,906 shares)	—	—	—	—	0
Balance at 31st March 1999	171,231	18,472	23,517	(9,448)	(1)
Net income	—	—	—	2,831	—
Decrease due to adoption of deferred tax accounting	—	—	—	(1,414)	—
Deficit of unconsolidated subsidiary previously not accounted for under the equity method	—	—	—	(523)	—
Bonuses to directors and statutory auditors	—	—	—	(1)	—
Treasury stock increased, net (594,771 shares)	—	—	—	—	(73)
Balance at 31st March 2000	171,231	¥ 18,472	¥ 23,517	¥ (8,555)	¥ (74)

	Thousands of U.S. Dollars (Note 1)			
	Common Stock	Additional Paid-in Capital	Deficits	Treasury stock
Balance at 31st March 1999	$174,018	$221,545	$(89,006)	$ (9)
Net income	—	—	26,670	—
Decrease due to adoption of deferred tax accounting	—	—	(13,321)	—
Deficit of unconsolidated subsidiary previously not accounted for under the equity method	—	—	(4,927)	—
Bonuses to directors and statutory auditors	—	—	(10)	—
Treasury stock increased, net (594,771 shares)	—	—	—	(688)
Balance at 31st March 2000	$174,018	$221,545	$(80,594)	$(697)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES

(For the years ended 31st March 2000 and 1999)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Operating activities			
Loss before income taxes and other items	¥ (8,463)	¥ (1,548)	$ (79,727)
Adjustments for:			
Income taxes-paid	(1,565)	(2,736)	(14,743)
Depreciation and amortisation	10,111	9,585	95,252
Accrued loss on disposal of business segment	12,625	—	118,935
Loss (profit) on sales or disposals of property, plant and equipment	(796)	305	(7,499)
Profit on sale of investments in securities	(3,261)	—	(30,721)
Equity in losses (profit) of affiliates	(51)	1,432	(480)
Changes in assets and liabilities			
Decrease in notes and accounts receivable	3,727	5,588	35,111
Decrease (increase) in inventories	5,335	(2,603)	50,259
Decrease in notes and accounts payable	(1,400)	(744)	(13,189)
Increase (decrease) in accrued expenses	(136)	1,236	(1,281)
Other, net	(2,166)	(1,885)	(20,405)
Net cash provided by operating activities	13,960	8,630	131,512
Investing activities			
Payments for purchase of property, plant and equipment	(7,766)	(15,754)	(73,161)
Proceeds from sale of property, plant and equipment	2,891	74	27,235
Payments for purchase of intangible fixed assets	(376)	(470)	(3,542)
Decrease (increase) in marketable securities	710	(247)	6,689
Decrease (increase) in investment in securities	4,181	(108)	39,388
Other	1,625	(894)	15,308
Net cash provided by (used in) investing activities	1,265	(17,399)	11,917
Financing activities			
Proceeds from long-term debt	7,254	10,205	68,337
Repayments of long-term debt	(13,495)	(6,420)	(127,131)
Increase (decrease) in short-term borrowings	(817)	6,289	(7,697)
Cash dividends paid	—	(1,284)	—
Other	(310)	(224)	(2,920)
Net cash provided by (used in) financing activities	(7,368)	8,566	(69,411)
Effect of exchange rate changes on cash and cash equivalents	(396)	(143)	(3,731)
Net increase (decrease) in cash and cash equivalents	7,461	(346)	70,287
Cash and cash equivalents at beginning of year	13,146	13,492	123,844
Cash and cash equivalents increased by newly consolidated companies	2,475	—	23,316
Cash and cash equivalents at end of year	¥ 23,082	¥ 13,146	$217,447
Additional cash flow information			
Interest paid	¥ 4,876	¥ 5,669	$ 45,935

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RYOBI LIMITED AND CONSOLIDATED SUBSIDIARIES
FOR THE YEARS ENDED 31ST MARCH 2000 AND 1999

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 Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan.

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, 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.

Effective 1st April 1999, consolidated statements of cash flows are required to be prepared under Japanese accounting standards, and those for the years ended 31st March 2000 and 1999 are presented herein.

The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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 ¥106.15 to $1, the approximate rate of exchange at 31st March 2000. 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) Principles of consolidation

(i) Consolidated subsidiaries

Effective 1st April 1999, the Company and its subsidiaries ("the Ryobi Group") changed its consolidation scope of subsidiaries and associated companies from the application of the ownership concept to control or influence concept in accordance with the new accounting standard for consolidation. Under the control or influence concept, those companies in which the Parent, 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 methods.

The consolidated financial statements include the accounts of the Company and the Ryobi Group. The major consolidated subsidiaries are listed below:

Tokyo Light Alloy Co., Ltd. (Japan)
Ryobi North America, Inc. (U.S.A.)
Ryobi Motor Products Corp. (U.S.A.)

(ii) Affiliates

The major affiliate accounted for under the equity method is listed below:

Ryobi - Tech Corporation (Taiwan)

The number of consolidated subsidiaries and affiliates accounted for under the equity method as at 31st March 2000 and 1999 is as follows:

	2000	1999
Consolidated subsidiaries	28	23
Affiliates	3	5

The accounts of certain subsidiaries of the Company are excluded from consolidation in the accompanying consolidated financial statements as total assets, net sales, net income and retained earnings of those subsidiaries, in the aggregate, are not material.

The investments in such unconsolidated subsidiaries and affiliates not accounted for under the equity method are carried at cost or less.

The number of unconsolidated subsidiaries and affiliates not accounted for under the equity method as at 31st March 2000 and 1999 is as follows:

	2000	1999
Unconsolidated subsidiaries	7	6
Affiliates	0	2

For the purpose of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealised profits among the companies have been eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

The differences between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition are amortised using the straight - line method over five years.

(b) Cash and cash equivalents

Cash and cash equivalents consist of 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

Inventories held by the Company and domestic subsidiaries:

Die castings .... Selling price method
Dies .... Specific identification method
Printing equipment .... Average method

Mainly first-in first-out method for foreign subsidiaries.

(ii) Raw materials, supplies and purchased goods

Last purchase invoice price method for the Company and domestic subsidiaries.

Mainly first-in first-out method for foreign subsidiaries.

(d) Marketable securities and investments in securities

Marketable securities and investment securities listed on stock exchanges are stated at the lower of cost, determined by the moving-average method, or market.

Other securities are principally stated at cost which is determined by the moving-average method.

(e) Depreciation and amortisation

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is 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.

Amortisation of intangible fixed assets, which consist of mainly goodwill for foreign subsidiaries, is computed by the straight-line method, over a period ranging from 5 to 40 years.

(f) Accrued severance indemnities and pension plan

Employees whose service with the Company and certain subsidiaries is terminated are, under most circumstances, entitled to lump-sum indemnities by reference to the current basic rates of pay, length of service and conditions under which the termination occurs.

The Company and certain consolidated subsidiaries have retirement pension funds for employees. The policy for the non-contributory and contributory trusteed pension plans for employees is to fund and charge to operations normal costs as accrued on the basis of an accepted actuarial method plus prior service costs for the pension plans amortised.

In addition, the Company and certain subsidiaries have unfunded retirement benefit plans and have established a liability for retirement allowances at 40% of the amount which would be required if all employees voluntarily terminated their employment at each balance sheet date, less amounts funded by a contributory or non-contributory pension funds.

(g) Accrued loss on disposal of business segment

The Company and certain subsidiaries have established a liability for allowance at the amount which would be accounted loss on disposal of North American power tools business segment.

(h) Research and development costs

Effective 1st April 1999, research and development costs are charged to income as incurred in accordance with the new accounting standard for research and development costs.

(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 capitalised, while other finance leases are permitted to be accounted for as operating lease transactions if certain “as if capitalised” information is disclosed in the notes to the lessee’s financial statements.

(j) Income taxes

Effective 1st April 1999, the Company and its domestic subsidiaries adopted an accounting method for interperiod allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥1,414 million ($13,321 thousand) is included as an adjustment to deficits as of 1st April 1999. Such cumulative effect is calculated by applying the income tax rate stipulated by enacted tax laws as of 1st April 1999.

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

(k) 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.

(l) Translation of foreign currency accounts

Current receivables and payables denominated in foreign currencies are translated into yen at the exchange rates in effect at the respective balance sheet dates.

Non-current receivables and payables denominated in foreign currencies are translated into yen at the historical exchange rates. Long-term debts hedged by forward exchange contracts are translated into yen at the forward exchange contract rates.

(m) 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 shareholders’ equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as “Adjustments on foreign currency statement translation” in the accompanying consolidated balance sheets. Revenue and expense accounts of the consolidated overseas subsidiaries are translated into yen at the average exchange rate.

(n) Per share information

The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation was 170,659 thousand shares and 171,227 thousand shares for 2000 and 1999, respectively.

Fully diluted net income per share of common stock assumes full conversion of the outstanding convertible notes at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Fully diluted net income per share is not disclosed because of the Ryobi Group’s net loss position for 1999.

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

3. Marketable Securities and Investments in Securities

Market value information of the applicable portion of the short-term marketable securities and investments in securities as at 31st March 2000 was as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2000			2000		
	Book Value	Market Value	Gain (Loss)	Book Value	Market Value	Gain (Loss)
Marketable securities:						
Market value available:						
Corporate shares	¥ 595	¥1,610	¥1,015	$ 5,605	$15,167	$ 9,562
Bonds	34	31	(3)	321	292	(29)
	¥ 629	¥1,641	¥1,012	$ 5,926	$15,459	$ 9,533
Investments in securities:						
Market value available:						
Corporate shares	¥5,314	¥9,670	¥4,356	$50,061	$91,097	$41,036
Market value not available	1,383			13,029		
	¥6,697			$63,090		

Note: Effective 31st March 2000, the disclosure of market value information of the applicable portion of the short-term marketable securities and investments in securities has become mandatory.

4. Inventories

Inventories as at 31st March 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Finished products and purchased goods	¥25,910	¥28,461	$244,089
Work in process	12,070	12,069	113,707
Raw materials and supplies	6,893	9,396	64,936
Total	¥44,873	¥49,926	$422,732

5. Short-term Borrowings and Long-term Debt

The annual interest rates applicable to short-term borrowings ranged from 0.61% to 10.9% and 0.65% to 9.25%, as at 31st March 2000 and 1999, respectively.

Commercial paper included short-term borrowings totaling ¥7,702 million ($72,558 thousand) and ¥8,574 million, as at 31st March 2000 and 1999, respectively.

Long-term debt at 31st March 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Loans principally from banks and insurance companies with interest rates ranging from 0.85% to 7.38%:			
Secured	¥ 1,803	¥ 1,765	$ 16,985
Unsecured	33,608	39,571	316,609
Floating-rate guaranteed notes in Deutsche marks due 2003	6,880	6,880	64,814
2.45% unsecured notes in yen due 2001	8,000	8,000	75,365
2.8% convertible notes in yen due 2002	14,956	14,956	140,895
Other	1,366	1,147	12,869
Total	66,613	72,319	627,537
Less: Current portion	(13,273)	(13,518)	(125,040)
Long-term debt, less current portion	¥53,340	¥ 58,801	$ 502,497

The aggregate annual maturities of long-term debt at 31st March 2000 were as follows:

Years Ending 31st March	Millions of Yen	Thousands of U.S. Dollars
2001	¥13,273	$125,040
2002	24,433	230,174
2003	19,757	186,124
2004	3,483	32,812
2005	2,520	23,740
2006 and thereafter	3,147	29,647
Total	¥66,613	$627,537

The assets of the Ryobi Group pledged as collateral for short-term loans and long-term debt with banks and other financial institutions at 31st March 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Net book value of property:			
Buildings and structures	¥2,003	¥2,426	$18,869
Machinery and equipment	2,569	3,253	24,202
Land	1,010	757	9,515
Time deposit	4	—	38
Notes and account receivables	611	240	5,756
Marketable securities	88	92	829
Investments in securities	167	164	1,573
Total	¥6,452	¥6,932	$60,782

Additional information with respect to convertible notes outstanding at 31st March 2000 is as follows:

	Principal Amount at Issue (Millions)	Issued in	Current Conversion or Exercise Price per Share
2.8% convertible notes in yen due March 2002	¥15,000	March 1995	¥484.00

The convertible notes outstanding at 31st March 2000 were convertible into 30,900 thousand shares of common stock of the Company. The conversion prices of the convertible notes are subject to adjustments in certain circumstances.

Under the terms of indenture for the 2.8% convertible notes due March 2002 and the 2.45% unsecured notes due December 2000, the Company's cash dividend payments are restricted from exceeding the amount equivalent to accumulated ordinary income minus income taxes during the years for which the notes have been outstanding plus ¥4,000 million, on a cumulative basis. In this case, interim cash dividends may be regarded as the prior year's cash dividends. (See Note 13 (1))

6. Other Long-term Liabilities

In applying the equity method, the Company recognises negative net assets of affiliates, if any, in total and such negative equity in investees is recorded as an allowance for investee losses. Such allowance amounted to ¥452 million ($4,258 thousand), ¥2,360 million at 31st March 2000 and 1999, respectively, and is included in the "Other long-term liabilities" in the accompanying balance sheets.

7. Shareholders' Equity

The Japanese Commercial Code (the "Code") requires at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

The Code also requires companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments which are made as an appropriation of retained earnings until such reserve equals to 25% of stated capital. This reserve amount, which is included in deficits, totals ¥2,873million ($27,065 thousand) and ¥2,819 million as at 31st March 2000 and 1999, respectively, and is not available for dividends but may be used to reduce a deficit by resolution of the shareholders.

The Company may transfer portions of additional paid-in capital to stated capital by resolution of the Board of Directors. The Company may also transfer portions of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code. Year-end dividends are reflected in the consolidated statements of shareholders' equity when authorised.

8. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of 40.87% and 46.37% for the years ended 31st March 2000 and 1999, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at 31st March 2000 are as follows:

	Millions of Yen	Thousands of U.S.Dollars
Deferred tax assets:		
Accrued severance costs	¥ 490	$ 4,616
Tax loss carryforwards	20,460	192,746
Other	1,002	9,439
Valuation allowance	(9,510)	(89,590)
Deferred tax assets	¥12,442	$117,211
Deferred tax liabilities:		
Land revaluation difference	¥ (707)	$ (6,660)
Other	(1,063)	(10,015)
Deferred tax liabilities	¥ (1,770)	$ (16,675)
Net deferred tax assets	¥10,672	$100,536

A reconciliation between the normal effective statutory tax rate for the year ended 31st March 2000 and the actual effective tax rates reflected in the accompanying consolidated statement of operation is as follows:

	2000
Normal effective statutory tax rate	40.87 %
Valuation allowance	(83.81)
Revaluation loss on investments in subsidiaries	180.94
Unrealised gain in excess of taxable income of the sales entities	(3.09)
Taxation on per capita basis	(2.45)
Other-net	0.26
Actual effective tax rate	132.72 %

9. Reserch and Development Costs

Research and development costs were ¥3,816 million ($35,949 thousand) for the year ended 31st March 2000. Effective 31st March 2000, the disclosure of research and development costs has become mandatory.

10. Leases and Contingent Liabilities

(1) Contingent liabilities

The Ryobi Group was contingently liable as a guarantor of loans to unconsolidated subsidiaries, affiliates and others in the aggregate amount of ¥1,995 million ($18,794 thousand) and ¥4,080 million at 31st March 2000 and 1999, respectively. Contingent liabilities for notes discounted by banks in the ordinary course of business amounted to ¥1,302 million ($12,266 thousand) and ¥1,197 million at 31st March 2000 and 1999, respectively.

(2) Leases

Future minimum lease payments of the Ryobi Group as at 31st March 2000 and 1999 under noncancelable finance leases that do not transfer ownership of leased assets to the lessee are as follows:

	Millions of Yen		Thousands of U.S. dollars
	2000	1999	2000
Current	¥ 244	¥173	$ 2,299
Non-current	1,236	760	11,644
Total	¥1,480	¥933	$13,943

Lease expenses on such finance lease contracts without ownership transfer amounted to ¥203 million ($1,912 thousand) and ¥155 million, for the years ended 31st March 2000 and 1999, respectively.

As at 31st March 2000, summarised information showing the assumed figures of acquisition cost, accumulated depreciation and net book value, which include the portion interest thereon, of the leased properties and other assets under finance leases without ownership transfer is as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Acquisition Cost	Accumulated Depreciation	Net Book Value	Acquisition Cost	Accumulated Depreciation	Net Book Value
Buildings and structures	¥ 4	¥ 2	¥ 2	$ 38	$ 19	$ 19
Machinery and equipment	2,015	570	1,445	18,983	5,370	13,613
Other assets	58	25	33	546	235	311
Total	¥2,077	¥597	¥1,480	$19,567	$5,624	$13,943

Depreciation expense and interest expense, which are not reflected in the accompanying statement of operation, computed by the straight-line method and the interest method were ¥203 million ($1,912 thousand) for the year ended 31st March 2000.

Future minimum lease payments of the Ryobi Group as at 31st March 2000 and 1999 under noncancelable operating leases are as follows:

	Millions of Yen		Thousands of U.S. dollars
	2000	1999	2000
Current	¥ 957	¥ 994	$ 9,015
Non-current	3,827	3,997	36,053
Total	¥4,784	¥4,991	$45,068

11. Derivatives

The Ryobi Group enters into foreign exchange forward contracts, currency swaps 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 speculation 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 authorisation and credit limit amounts.

The Ryobi Group had the following derivatives contracts outstanding as at 31st March 2000:

	Millions of Yen		Thousands of U.S. Dollars	
	Contract or notional amount	Fair value	Contract or notional amount	Fair value
Forward exchange				
Contracts:				
Buying US dollar	¥ 108	¥ 106	$ 1,017	$ 999
Currency swap:				
Buying				
Deutsche mark	6,880	5,002	64,814	47,122
Interest swap				
(Fixed rate payment,				
floating rate receipt)	¥4,848	¥ (55)	$45,671	$ (518)

Note: Effective 31st March 2000, the disclosure of derivatives has become mandatory.

12. Segment Information

The segment information classified by industry and geographical market area is presented below with respect to the years ended 31st March 2000 and 1999.

(1) Industry segment information

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

—Die castings ("Die castings")

—Printing equipment ("Printing equipment")

—Electric and petro engine tools ("Power tools")

—Other products such as fishing tackle, golf equipment, etc. ("Other")

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Net sales:			
Die castings	¥103,284	¥104,803	$ 973,001
Printing equipment	25,403	20,679	239,312
Power tools	104,094	107,240	980,631
Other	7,293	10,052	68,705
Consolidated	240,074	242,774	2,261,649
Operating costs and expenses:			
Die castings	97,548	100,000	918,964
Printing equipment	23,625	18,126	222,562
Power tools	102,940	106,869	969,760
Other	8,648	10,943	81,470
Eliminations	10	19	94
Consolidated	232,771	235,957	2,192,850
Operating income (loss):			
Die castings	5,736	4,803	54,037
Printing equipment	1,778	2,553	16,750
Power tools	1,154	371	10,871
Other	(1,355)	(891)	(12,765)
Eliminations	(10)	(19)	(94)
Consolidated	¥ 7,303	¥ 6,817	$ 68,799
Total assets:			
Die castings	¥ 87,542	¥ 93,388	$ 824,701
Printing equipment	23,016	17,467	216,825
Power tools	73,599	82,379	693,349
Other	7,542	8,836	71,051
Eliminations or corporate assets	46,381	31,584	436,938
Consolidated	¥238,080	¥233,654	$2,242,864
Depreciation:			
Die castings	¥ 4,946	¥ 5,366	$ 46,594
Printing equipment	487	379	4,588
Power tools	3,720	3,320	35,045
Other	339	150	3,194
Consolidated	¥ 9,492	¥ 9,215	$ 89,421
Capital expenditure:			
Die castings	¥ 3,717	¥ 8,771	$ 35,017
Printing equipment	2,506	756	23,608
Power tools	2,112	4,722	19,896
Other	337	127	3,175
Consolidated	¥ 8,672	¥ 14,376	$ 81,696

The amounts of corporate assets as at 31st March 2000 and 1999 included in the "Eliminations or corporate assets" are, respectively, ¥46,534 million ($438,380 thousand) and ¥31,718 million, which mainly consist of surplus assets in the Company (cash and securities) and long-term investment assets (investments in securities).

(2) Geographical segment information

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Net sales:			
Domestic (Japan)	¥137,247	¥130,498	$1,292,953
North America	86,618	95,957	815,997
Other overseas	16,209	16,319	152,699
Consolidated	240,074	242,774	2,261,649
Operating costs and expenses:			
Domestic (Japan)	132,497	125,804	1,248,205
North America	84,877	94,035	799,595
Other overseas	15,462	16,055	145,662
Eliminations	(65)	63	(612)
Consolidated	232,771	235,957	2,192,850
Operating income (loss):			
Domestic (Japan)	4,750	4,694	44,748
North America	1,741	1,922	16,402
Other overseas	747	264	7,037
Eliminations	65	(63)	612
Consolidated	¥ 7,303	¥ 6,817	$ 68,799
Total assets:			
Domestic (Japan)	¥124,756	¥122,913	$1,175,280
North America	52,850	63,975	497,880
Other overseas	20,260	21,788	190,862
Eliminations or corporate assets	40,214	24,978	378,842
Consolidated	¥238,080	¥233,654	$2,242,864

The amounts of corporate assets as at 31st March 2000 and 1999 included in the "Eliminations or corporate assets" are ¥46,534 million ($438,380 thousand) and ¥31,718 million, respectively, which mainly comprise surplus assets in the Company (cash and securities) and long-term investment assets (investments in securities).

(3) Export sales and sales by overseas subsidiaries

Export sales of the companies (i.e., export amounts made by the Company and its domestic subsidiaries) plus the sales by overseas consolidated subsidiaries for the years ended 31st March 2000 and 1999 are presented below:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Export sales and sales by overseas subsidiaries:			
North America	¥ 92,098	¥102,331	$ 867,621
Other	29,848	32,440	281,187
Total	¥121,946	¥134,771	$1,148,808
Percentage of such sales against consolidated net sales:			
North America	38.4%	42.2%	
Other	12.4%	13.3%	
Total	50.8%	55.5%	

13. Subsequent Event

(1) Provision of maintaining net assets and set up of deposit security

The 2.45% unsecured notes in yen due December 2000 amounting to ¥8,000 million ($75,365 thousand) went against a provision for maintaining net assets. Therefore, effective 31st May 2000, the Company switched the notes to secured notes pledged by time deposits amounted to ¥8,213 million ($77,372 thousand).

(2) Sale of North American power tool group

The Company signed a definitive agreement dated 30th May 2000, in the U.S.A., with TechTronic Industries Co., Ltd., Hong Kong, with respect to sale and purchase of businesses and assets of the Company's North American power tool group consisting of the following subsidiaries:

Ryobi Motor Products Corp.
Ryobi America Corporation
Ryobi Canada Inc.
Ryobi Taiwan Corporation

Sales price is equivalent to the book value at closing date (approximately at end of June 2000) of assets to be transferred (with outer limit set at US$123.3 million).

(3) Sale of North American Lawn & Garden Group

The Company signed a definitive agreement dated 14th June 2000, in the U.S.A., with MTD Products Inc, U.S.A., with respect to sale and purchase of businesses and assets of the Company's North American lawn & garden equipment group, and transferred them at the same date. The Company's North American lawn & garden equipment group consisted of the following subsidiaries:

Ryobi Outdoor Products, Inc.
Ryobi Outdoor Products Mexico S.A. de C.V.
Ryobi Outdoor Products Chile Limitada
Ryobi Concepts International, Inc.

These lawn & garden group companies belong to Power Tools segment in the Note 12 (1).

Sales price was US$ 73 million, however, special arrangements for augments have been set up based on future sales to a major customer, and method of settlement was cash settlement.

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Deloitte Touche Tohmatsu

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Ryobi Limited:

We have examined the consolidated balance sheets of Ryobi Limited and consolidated subsidiaries as of 31st March 2000 and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Ryobi Limited and consolidated subsidiaries as of 31st March 2000 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2, effective 1st April 1999, the consolidated financial statements have been prepared in accordance with new accounting standards for consolidated financial statements, research and development costs and interperiod allocation of income taxes.

Our examinations 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

29th June 2000

BOARD OF DIRECTORS

President
Hiroshi Urakami

Senior Vice President
Tsuyoshi Mifune

Vice Presidents
Hiroyuki Harada
Masami Arai
Susumu Yoshikawa
Takao Tanaka
Takashi Yokoyama
Mikio Kamura
Shiro Muroya

Standing Auditor
Shozo Kobayashi

Corporate Auditors
Hiroshi Fukano
Takuomi Matsumoto
Hiroshi Toriyama

CORPORATE DIRECTORY

(As of 31st March 2000)

Company Name (Country)	Principal Business
Major Consolidated Subsidiaries	
Ryobi Imagix Co. (Japan)	Printing equipment and related product sales
Ryobi Sales Co. (Japan)	Power tool 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 tool manufacturing
Ryobi North America, Inc. (U.S.A.)	North American operations general management
Ryobi Die Casting (USA), Inc. (U.S.A.)	Die casting manufacturing and sales
Ryobi Outdoor Products, Inc. (U.S.A.)	Lawn and garden equipment manufacturing and sales
Ryobi Motor Products Corp. (U.S.A.)	Power tool and motor manufacturing and sales
Ryobi America Corporation (U.S.A.)	Power tool and builders’ hardware sales
Ryobi Concepts International, Inc. (U.S.A.)	Research and development
Ryobi Finance Corporation (U.S.A.)	Financial operations
Ryobi Canada Inc. (Canada)	Power tool, lawn and garden equipment, and builders’ hardware sales
Ryobi Australia Pty. Ltd. (Australia)	Power tool, lawn and garden equipment, and builders’ hardware sales
Ryobi New Zealand Limited (New Zealand)	Power tool, lawn and garden equipment, and builders’ hardware sales
Ryobi Dalian Machinery Co., Ltd. (P.R.C.)	Power tool and builders’ hardware manufacturing
Ryobi Aluminium Casting (UK) Limited (U.K.)	Die casting manufacturing and sales
Ryobi Europe S.A. (France)	Power tool and lawn and garden equipment sales
Ryobi Power Equipment (UK) Limited (U.K.)	Power tool and lawn and garden equipment sales

CORPORATE DATA

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Established
16th December 1943

Number of Shares Issued
171,230,715

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Receipts—Frankfurt

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