

**RYOBI**

**RYOBI LIMITED  
SEMIANNUAL REPORT**

(Unaudited)

For the six months ended September 30, 2005

2005

# A MESSAGE FROM THE MANAGEMENT

Guided by its corporate philosophy, "Create a sound and dynamic corporation through technology, trust and challenge," the Ryobi Group seeks to establish itself as an indispensable existence by responding to the needs of customers and society, through innovative, top-quality products and services.

At the same time, and based on its corporate philosophy, Ryobi has positioned corporate social responsibility as fundamental to its management activities in an effort to create sustained corporate value and to contribute to making a better society.

Furthermore, with growth and development at the forefront of Ryobi's aims, the Company strives to fulfill its corporate responsibility through progressive implementation of information disclosure, compliance with statutory regulations, risk management, environmental consciousness, activities that contribute to society and other such initiatives, all the while working to establish and implement corporate governance tailored to the Company's unique characteristics.

## BUSINESS DEVELOPMENT

Looking toward the future, Ryobi realizes the vital roles of improved competitiveness and enhanced earnings power in accomplishing sustained growth and development. Accordingly, the Company continues to implement various measures in each of its operations to further boost market presence, while also providing technology, products, and services that only Ryobi can deliver. As for the reduction of costs amid continued conditions of material price inflation and product price deflation, Ryobi is working to bolster each of its businesses. Trends in business development for each segment are as follows:

### 1) DIE CASTINGS

Ryobi aims to strengthen and expand relationships with automobile manufacturers by utilizing our know-how as a world-leading die casting manufacturer with a production structure operating in Japan, the United States, and Europe. Moreover, redoubling efforts to promote our global die castings business strategy, in April 2005, we founded a production base in Dalian, China. In keeping with the global theme of environmental protection through the conservation of energy and resources, our aluminum die castings are lightweight, have excellent durability and are superior in terms of recyclability. In addition to the automobile field, these die castings have attracted attention in fields such as electronics and telecommunications as an effective technology for the protection of the environment, including the conservation of energy and resources.

### 2) PRINTING EQUIPMENT

The Company is striving to increase multicolor performance precision, offer increasingly advanced functionality and further consolidate its reputation in world markets. To achieve these goals, Ryobi is pressing forward with the development of new products and strengthening of production and marketing capabilities. Through the development of products in response to advancements in IT and digitization, and the creation of environmentally friendly products, we are working to expand our lineup in line with market needs. Furthermore, in response to increasing demands for medium-size offset printing presses, Ryobi is escalating the production capacity of the Hiroshima East Plant.

### 3) POWER TOOLS AND BUILDERS' HARDWARE

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

In our builders' hardware business, we produce door closers—a mainstay product—at our manufacturing subsidiary in Dalian, China, and affiliate in Taiwan. We aim to improve profitability by focusing on developing

unique products, reducing costs through productivity enhancements, and reinforcing competitiveness.

## PERFORMANCE

In the six-month period ended September 30, 2005, consolidated net sales increased 6.9% compared with the same period of the previous fiscal year to ¥82,735 million, with domestic net sales rising 6.0% to ¥58,471 million and overseas net sales growing 9.1% to ¥24,264 million.

Operating income for the period increased 32.2% to ¥6,322 million, and net income expanded 44.6% to ¥4,058 million.

Net sales increased across each of the Company's die castings, printing equipment, and power tools and builders' hardware businesses, resulting in two consecutive six-month periods of increased revenue. Performance in the printing equipment business was especially healthy.

The increase in sales and Ryobi's efforts to reduce costs led to its fourth consecutive six-month period of growth in operating income. At the same time, interim net income grew for the first time in the last two interim periods.

By segment, net sales in the die castings business rose 3.7% to ¥54,044 million and operating income jumped 25.3% to ¥3,095 million, resulting in a ratio of operating income to net sales of 5.7%, compared with 4.7% in the same period last year. Sales to domestic automobile manufacturers solidified and increased revenues. On the earnings front, Ryobi's undertakings to reduce costs and increase domestic sales, even amidst the continuation of severe conditions that included downward pressure on product prices and rising material costs, successfully resulted in profit growth. We will continue to pursue activities geared toward non-automobile applications as well as expand the automobile segment, while simultaneously giving more attention to enhancing productivity and reducing costs.

Net sales in the printing equipment business climbed 23.8% to ¥15,726 million, as did operating income by 71.7% to ¥1,935 million, resulting in a ratio of operating income to net sales of 12.3%, compared

with 8.9% from the previous corresponding period. Sales of medium-size offset printing presses grew, resulting in an increase in revenues. Contributing to an increase in earnings were increased net sales and efforts to step up reductions in costs. With the aim of increasing earnings still further, Ryobi will continue to actively develop products that fully consider user needs, enhance marketing efforts and expand production capacity in response to increased demands for medium-size offset printing presses.

In the power tools and builders' hardware business, net sales rose 3.1% to ¥12,965 million while operating income increased 9.1% to ¥1,292 million, resulting in a ratio of operating income to net sales of 10.0%, compared with 9.4% in the same period last year. Despite conditions of intensifying competition, owing to the rise in domestic sales of power tools and builders' hardware, overall sales in this segment increased. In addition to this expansion of sales, Ryobi's endeavors to bolster the efficiency of its manufacturing operations gave way to a growth in earnings. In the future, we will continue to leverage our overseas production capabilities with the aim of reducing costs and to deliver unique and price competitive products.

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

December 2005



Hiroshi Urakami  
Chairman and CEO



Susumu Yoshikawa  
President and COO

# CONSOLIDATED BALANCE SHEETS

Ryobi Limited and Consolidated Subsidiaries  
(As of September 30 and March 31, 2005) (Unaudited)

	Millions of yen		Thousands of U.S. dollars*
	September 30 2005	March 31 2005	September 30 2005
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents .....	¥ 14,240	¥ 15,303	\$ 125,806
Time deposits .....	2,872	2,736	25,373
Notes and accounts receivable, less allowances .....	39,717	39,823	350,888
Inventories .....	29,289	27,528	258,760
Prepaid expenses and other .....	1,045	2,357	9,232
Total current assets .....	87,163	87,747	770,059
<b>Net property, plant and equipment</b> .....	55,896	54,837	493,824
<b>Investments and other assets</b>			
Investments in securities .....	11,910	9,428	105,221
Investments in and advances to unconsolidated subsidiaries and affiliates .....	333	340	2,942
Intangible fixed assets .....	1,724	1,638	15,231
Deferred tax assets .....	953	1,120	8,420
Other .....	2,287	2,310	20,205
Total investments and other assets .....	17,207	14,836	152,019
<b>Total</b> .....	¥160,266	¥157,420	\$1,415,902
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings .....	¥ 19,834	¥ 19,806	\$ 175,227
Current portion of long-term debt .....	8,082	11,033	71,402
Notes and accounts payable .....	37,720	36,146	333,245
Accrued expenses .....	4,208	4,372	37,176
Income taxes payable .....	759	490	6,706
Other current liabilities .....	3,963	4,533	35,012
Total current liabilities .....	74,566	76,380	658,768
<b>Long-term liabilities</b>			
Long-term debt .....	12,609	13,663	111,397
Accrued severance indemnities .....	6,954	6,879	61,437
Other long-term liabilities .....	5,301	4,280	46,832
Total long-term liabilities .....	24,864	24,822	219,666
<b>Minority interests</b> .....	870	924	7,686
<b>Shareholders' equity</b>			
Common stock			
Authorized: 500,000,000 shares			
Issued: 171,230,715 shares .....	18,472	18,472	163,195
Capital surplus .....	23,681	23,588	209,215
Retained earnings .....	21,307	18,503	188,241
Land revaluation reserve .....	626	626	5,530
Unrealized gain on available-for-sale securities .....	4,478	3,029	39,562
Foreign currency translation adjustments .....	(7,835)	(8,094)	(69,220)
Treasury stock .....	(763)	(830)	(6,741)
Total shareholders' equity .....	59,966	55,294	529,782
<b>Total</b> .....	¥160,266	¥157,420	\$1,415,902

\*U.S. dollar amounts in this report, solely for the convenience of the reader, are translated from yen at the rate of ¥113.19 = US\$1, the exchange rate prevailing on September 30, 2005.

# CONSOLIDATED STATEMENTS OF OPERATIONS

Ryobi Limited and Consolidated Subsidiaries  
(Six months ended September 30, 2005 and 2004) (Unaudited)

	Millions of yen		Thousands of U.S. dollars*
	September 30 2005	September 30 2004	September 30 2005
<b>Net sales</b> .....	<b>¥82,735</b>	¥77,423	<b>\$730,939</b>
<b>Cost of sales</b> .....	<b>65,084</b>	61,598	<b>574,998</b>
Gross profit .....	<b>17,651</b>	15,825	<b>155,941</b>
<b>Selling, general and administrative expenses</b> .....	<b>11,329</b>	11,044	<b>100,088</b>
Operating income .....	<b>6,322</b>	4,781	<b>55,853</b>
<b>Other income</b>			
Interest and dividends .....	<b>101</b>	98	<b>892</b>
Other .....	<b>765</b>	969	<b>6,759</b>
Total other income .....	<b>866</b>	1,067	<b>7,651</b>
<b>Other expenses</b>			
Interest .....	<b>335</b>	378	<b>2,960</b>
Other .....	<b>477</b>	703	<b>4,214</b>
Total other expenses .....	<b>812</b>	1,081	<b>7,174</b>
<b>Income before income taxes and minority interests</b> .....	<b>6,376</b>	4,767	<b>56,330</b>
<b>Income taxes</b> .....	<b>2,160</b>	1,901	<b>19,083</b>
<b>Minority interests</b> .....	<b>158</b>	59	<b>1,396</b>
<b>Net income</b> .....	<b>¥ 4,058</b>	¥ 2,807	<b>\$ 35,851</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Ryobi Limited and Consolidated Subsidiaries  
(Six months ended September 30, 2005 and 2004) (Unaudited)

	Millions of yen		Thousands of U.S. dollars*
	September 30 2005	September 30 2004	September 30 2005
<b>Net cash provided by operating activities</b> .....	<b>¥ 7,971</b>	¥ 7,046	<b>\$ 70,421</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment .....	<b>(3,437)</b>	(2,902)	<b>(30,365)</b>
Other .....	<b>(171)</b>	315	<b>(1,511)</b>
<b>Net cash used in investing activities</b> .....	<b>(3,608)</b>	(2,587)	<b>(31,876)</b>
<b>Financing activities</b>			
Proceeds from long-term debt .....	<b>3,450</b>	1,300	<b>30,480</b>
Repayments of long-term debt .....	<b>(7,456)</b>	(5,281)	<b>(65,871)</b>
Decrease in short-term borrowings, net .....	<b>(194)</b>	(2,192)	<b>(1,714)</b>
Cash dividends paid .....	<b>(1,260)</b>	(1,255)	<b>(11,132)</b>
Other .....	<b>18</b>	(71)	<b>159</b>
<b>Net cash used in financing activities</b> .....	<b>(5,442)</b>	(7,499)	<b>(48,078)</b>
<b>Foreign currency translation adjustments on cash and cash equivalents</b> .....	<b>16</b>	18	<b>142</b>
<b>Net decrease in cash and cash equivalents</b> .....	<b>(1,063)</b>	(3,022)	<b>(9,391)</b>
<b>Cash and cash equivalents at beginning of year</b> .....	<b>15,303</b>	17,595	<b>135,197</b>
<b>Cash and cash equivalents at end of year</b> .....	<b>¥14,240</b>	¥14,573	<b>\$125,806</b>
<b>Additional cash flow information</b>			
Interest paid .....	<b>¥ 341</b>	¥ 388	<b>\$ 3,013</b>

# INDUSTRY SEGMENT INFORMATION

(Six months ended September 30, 2005 and 2004)

	Millions of yen				
	2005				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations	Consolidated
Net sales:					
Unaffiliated customers .....	<b>¥54,044</b>	<b>¥15,726</b>	<b>¥12,965</b>	<b>¥ —</b>	<b>¥82,735</b>
Intersegment .....	<b>110</b>	<b>—</b>	<b>1</b>	<b>(111)</b>	<b>—</b>
Total .....	<b>54,154</b>	<b>15,726</b>	<b>12,966</b>	<b>(111)</b>	<b>82,735</b>
Operating costs and expenses..	<b>51,059</b>	<b>13,791</b>	<b>11,674</b>	<b>(111)</b>	<b>76,413</b>
Operating income .....	<b>¥ 3,095</b>	<b>¥ 1,935</b>	<b>¥ 1,292</b>	<b>¥ 0</b>	<b>¥ 6,322</b>

	Millions of yen				
	2004				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations	Consolidated
Net sales:					
Unaffiliated customers .....	¥52,141	¥12,706	¥12,576	¥ —	¥77,423
Intersegment .....	119	—	1	(120)	—
Total .....	52,260	12,706	12,577	(120)	77,423
Operating costs and expenses..	49,790	11,579	11,393	(120)	72,642
Operating income .....	¥ 2,470	¥ 1,127	¥ 1,184	¥ 0	¥ 4,781

	Thousands of U.S. dollars*				
	2005				
	Die castings	Printing equipment	Power tools and builders' hardware	Eliminations	Consolidated
Net sales:					
Unaffiliated customers .....	<b>\$477,462</b>	<b>\$138,935</b>	<b>\$114,542</b>	<b>\$ —</b>	<b>\$730,939</b>
Intersegment .....	<b>972</b>	<b>—</b>	<b>9</b>	<b>(981)</b>	<b>—</b>
Total .....	<b>478,434</b>	<b>138,935</b>	<b>114,551</b>	<b>(981)</b>	<b>730,939</b>
Operating costs and expenses..	<b>451,091</b>	<b>121,840</b>	<b>103,136</b>	<b>(981)</b>	<b>675,086</b>
Operating income .....	<b>\$ 27,343</b>	<b>\$ 17,095</b>	<b>\$ 11,415</b>	<b>\$ 0</b>	<b>\$ 55,853</b>

# GEOGRAPHICAL SEGMENT INFORMATION

(Six months ended September 30, 2005 and 2004)

	Millions of yen				
	2005				
	Japan	North America	Other	Eliminations	Consolidated
Net sales:					
Unaffiliated customers .....	¥70,349	¥8,575	¥3,811	¥ —	¥82,735
Intersegment .....	957	3	2,597	(3,557)	—
Total .....	71,306	8,578	6,408	(3,557)	82,735
Operating costs and expenses..	66,426	7,942	5,617	(3,572)	76,413
Operating income .....	¥ 4,880	¥ 636	¥ 791	¥ 15	¥ 6,322

	Millions of yen				
	2004				
	Japan	North America	Other	Eliminations	Consolidated
Net sales:					
Unaffiliated customers .....	¥64,013	¥ 9,836	¥3,574	¥ —	¥77,423
Intersegment .....	968	—	2,345	(3,313)	—
Total .....	64,981	9,836	5,919	(3,313)	77,423
Operating costs and expenses..	61,721	9,086	5,131	(3,296)	72,642
Operating income .....	¥ 3,260	¥ 750	¥ 788	¥ (17)	¥ 4,781

	Thousands of U.S. dollars*				
	2005				
	Japan	North America	Other	Eliminations	Consolidated
Net sales:					
Unaffiliated customers .....	\$621,512	\$75,758	\$33,669	\$ —	\$730,939
Intersegment .....	8,455	26	22,944	(31,425)	—
Total .....	629,967	75,784	56,613	(31,425)	730,939
Operating costs and expenses..	586,854	70,165	49,625	(31,558)	675,086
Operating income .....	\$ 43,113	\$ 5,619	\$ 6,988	\$ 133	\$ 55,853

# EXPORT SALES AND SALES BY OVERSEAS SUBSIDIARIES

(Six months ended September 30, 2005 and 2004)

	Millions of yen		Thousands of U.S. dollars*	Percentage against consolidated net sales	
	2005	2004	2005	2005	2004
	North America .....	¥11,586	¥11,246	\$102,359	14.0%
Europe .....	8,616	7,843	76,120	10.4%	10.1%
Other .....	4,062	3,156	35,886	4.9%	4.1%
Total .....	¥24,264	¥22,245	\$214,365	29.3%	28.7%

# CORPORATE INFORMATION

## CORPORATE DATA

### Company Name

RYOBI LIMITED

### Established

December 16, 1943

### Major Products

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

## MANAGEMENT MEMBERS

### BOARD OF DIRECTORS

#### Chairman and Representative Director

Hiroshi Urakami

#### President and Representative Director

Susumu Yoshikawa

#### Directors

Takao Tanaka  
Takashi Yokoyama  
Mikio Kamura  
Shiro Muroya  
Koji Ishii  
Akira Urakami  
Kenjiro Suzuki

### CORPORATE AUDITORS

#### Standing Corporate Auditor

Shozo Kobayashi

#### Corporate Auditors

Satoshi Ohoka  
Hiroaki Takahashi  
Kunihiro Toyota

## SHAREHOLDER INFORMATION

### Number of Shares Issued

(As of September 30, 2005)

171,230,715

### Listing

Common Stock—Tokyo

### Head Office

762, Mesaki-cho, Fuchu, Hiroshima 726-8628, Japan  
Telephone: 81-847-41-1111

### Tokyo Branch

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Telephone: 81-3-3927-5541

### Toranomon Office

Toranomon Central Building  
1-7-1, Nishi-Shinbashi, Minato-ku, Tokyo 105-0003, Japan  
Telephone: 81-3-3927-5541

### CORPORATE OFFICERS

#### Chief Executive Officer

Hiroshi Urakami

#### Chief Operating Officer

Susumu Yoshikawa

#### Executive Corporate Officers

Takao Tanaka  
Takashi Yokoyama  
Mikio Kamura  
Shiro Muroya

#### Corporate Officers

Koji Ishii  
Akira Urakami  
Kenjiro Suzuki  
Kuniyuki Ito  
Naomichi Honkawa  
Kazuaki Danjo  
Shoji Osawa  
Hideki Domoto

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation  
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Tokyo 100-8212, Japan

**RYOBI LIMITED**

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

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