



[For Immediate Release]

Record Profit and Twelfth Consecutive Year of Growth

Results Highlights

For the year ended 31st December

	<u>2006</u>	<u>2005</u>	<u>Changes (%)</u>
Turnover (HK\$m)	21,823	22,358	-2.39
Gross profit (HK\$m)	6,893	6,942	-0.7
Profit attributable to equity holders of the parent (HK\$m)	1,072	1,019	+5.2
EPS, basic (HK cents)	73.18	73.53	-0.5
DPS, final (HK cents)	12.60	12.60	-
DPS, total (HK cents)	19.10	18.60	+2.7
Gross profit margin (%)	31.6	31.0	
Profit margin (%)	4.9	4.6	

(Hong Kong, 19th April, 2007) – **Techtronic Industries Co. Ltd.** (“TTI” or the “Group”) (HKEx stock code: 669, ADR symbol: TTNDY) today announced that its profit attributable to equity holders of the parent for 2006 reached a record level of HK\$1,072 million, an increase of 5.19% over the previous year, representing its twelfth consecutive year of growth.

Its leading brands, product innovations, and cost improvement efforts delivered a healthier net profit margin of 4.91%, up from 4.56% in 2005. Notably, its gross margin improved to 31.59% from 31.05% last year and profit margin from operation grew to 7.59% from 7.05% last year, benefiting from ongoing business integrations and Continuous Improvement Program (CIP) savings, which offset increases in global commodity prices and financing costs. Basic earnings per share, taking into account the full dilution effect of the share placement in September 2005, were at HK73.18 cents per share, marginally lower than the HK73.53 cents reported in 2005.

Mr. Horst Julius Pudwill, Chairman and CEO of TTI said, “2006 turnover for the Group was HK\$21.82 billion, a small decline of 2.39% over 2005. We managed solid turnover growth in the first half of 2006, but the second half proved to be more challenging with a softer macro economic

environment in the United States. However, the Group's expansion efforts outside of North America continued the first half momentum with near double digit turnover growth for the second half and consequently for the full year. Our floor care business rebounded with positive turnover growth in the second half. We announced the acquisition of Hoover® floor care business, which when combined with our existing floor care business will make TTI the leader in the global floor care industry."

Commenting on the Group's future plans, Mr. Pudwill said, "We are setting the stage for growth and profit margins enhancement. After a second year of consolidating the 2005 power tool acquisitions, we are starting to benefit from the integration synergies. We are moving decisively to consolidate our latest acquisition Hoover®, and derive gains in marketing and operational efficiencies in 2007. Our attention will focus on both core business expansion and the search for strategic acquisitions that can enhance both our top line and bottom line."

"Our core strategy to build our business with exceptional people is being fueled by the introduction of a North American campus recruiting and Leadership Development Program. We target talented individuals with a passion to lead and deliver results. Additionally, we have strengthened our management team by creating new executive positions in our offices around the world and filling them with uniquely talented business leaders in important areas of sales, marketing, product development, operation, and senior management. We anticipate benefits in our dynamic and fast paced culture across product development, marketing, and best cost operational performance."

Review of operation

Power Equipment

The Power Equipment business, which includes power tools, power tool accessories, and outdoor power equipment, reported record profit from operations, with growth from its professional brands, Milwaukee® and AEG® as well as strong sales of RIDGID® professional power tools manufactured by TTI. Profit from operations was HK\$1,462 million, a significant increase of 18.16% over 2005. Turnover reached HK\$17.12 billion, accounting for 79% of total Group turnover. Full year turnover was marginally down 0.35% from last year due to a sluggish North American market in the second half of the year. The Group improved operating profit margins to 8.54% from 7.20% last year in a difficult economic environment of rising raw material costs. Innovative new products,

quality improvement initiatives, global procurement activities, product transfer programs, and CIP have positively impacted TTI's operational performance.

The Group expects its North American business to rebound after a slowdown in the second half of last year and it has increased the consumer power tool promotion plans and marketing support. Innovative lithium-ion cordless products will be launched throughout the year, further enhancing TTI's leading position in the cordless category. European and the rest of world businesses are continuing to track healthy growth. New products are the primary drivers, but new distribution in core territories and new geographies are also adding incremental turnover. The Ryobi® branded One+™ System and Milwaukee® V18™ programs are notable product ranges that are feeding the expansion.

Floor Care

In 2006, the floor care business established the platforms for future growth, including the acquisition of the Hoover® floor care business. Its powerful brand portfolio now includes Hoover®, Dirt Devil® and Vax®. In addition to the brands, the business is competitively positioned with an increased new product development capability, best cost supply chain scale, and full product category coverage. Distribution reach outside of North America will continue to expand geographically with TTI's brands.

The floor care business completed the transition to focus on its own brands and as a result reported second half growth in North America and Europe. Turnover for the full year was HK\$4.43 billion, down 2.16% from last year's, and accounting for 20% of the Group's total turnover. On the cost side, challenging raw material pricing was partially offset by the Group's global sourcing programs and CIP savings. TTI did drive its innovative products with increased advertising support in key markets. Profit from operations was down to HK\$157 million, a margin of 3.54% of turnover.

2006 set the stage for growth in the floor care business. TTI now possesses the most recognized brands in virtually all floor care categories. Dirt Devil® is positioned to continue its introduction of unique products through its ease of use strategy and advantages in manufacturing scale and supply chain efficiencies. There are multiple new product introductions planned for 2007 including the KURV™ and the KRUZ™, both hand-held vacuums and a new "i"™ upright vacuum. The Group's contract business remained in transition in 2006 as it increased its commitment to its own leading brands. This is still on track to rebound in 2007 as the Group begins delivering the new line of Sears® Kenmore® brand of vacuums in the first half.

Laser and Electronics

The Laser & Electronics business result for 2006 was according to expectations, with a top line decline from the prior year due to the continuing correction in the laser based products market. Turnover in Europe was stable and infant care products delivered growth. Expenses were controlled through CIP programs while addressing the overhead expense structure. Consequently, turnover was HK\$279 million, accounting for 1% of total Group turnover, and profit from operations was HK\$37 million.

The text of the announcement and results presentation are available at www.ttigroup.com

Investor Presentation Broadcasting

Available at www.ttigroup.com from 7:00 pm, 19th April, 2007 (HK Time) for a month until 18th May, 2007

About TTI

Founded in 1985 and listed on the Stock Exchange of Hong Kong Limited in 1990, TTI is a world-class supplier of superior home improvement and construction tools with a powerful portfolio of trusted brands and a strong commitment to innovation and quality. The portfolio that TTI offers includes a full line of power equipment products, floorcare, laser and electronic products employing approximately 23,000 people worldwide. TTI's portfolio of global brands, among others, Milwaukee®, AEG®, Ryobi®, Homelite®, Royal®, Dirt Devil®, Regina®, Vax® and Hoover®.

TTI is one of the constituent stocks on the Hang Seng HK MidCap Index under the Hang Seng Composite Index, the MSCI Hong Kong Index, the FTSE All-World Hong Kong Index, the FTSE/Hang Seng Asian Cyclical Index and the Dow Jones Hong Kong Titans 30. For more information, please visit www.ttigroup.com.

Trademarks

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RIDGID® is a registered trademark of Ridgid, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE: EMR). The orange color used on these products and the combination of orange and grey are trademarks for RIDGID® brand power tools.

The use of the trademark Ryobi® is pursuant to a license granted by Ryobi Limited.

Sears®, Craftsman® and Kenmore® brands are registered trademarks of Sears Brands, LLC.

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RESULTS SUMMARY

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2006 (audited)

	2006 HK\$'000	2005 HK\$'000	2006 US\$'000	2005 US\$'000
Turnover	21,822,597	22,358,387	2,797,769	2,866,460
Cost of sales	(14,929,737)	(15,416,176)	(1,914,069)	(1,976,433)
Gross profit	6,892,860	6,942,211	883,700	890,027
Other income	43,423	46,630	5,567	5,978
Interest income	91,454	60,368	11,725	7,739
Selling, distribution, advertising and warranty expenses	(2,529,631)	(2,537,555)	(324,312)	(325,328)
Administrative expenses	(2,414,135)	(2,443,035)	(309,504)	(313,208)
Research and development costs	(428,311)	(492,234)	(54,912)	(63,107)
Finance costs	(391,679)	(353,041)	(50,215)	(45,262)
Profit before share of results of associates and taxation	1,263,981	1,223,344	162,049	156,839
Share of results of associates	(895)	(6,463)	(115)	(829)
Profit before taxation	1,263,086	1,216,881	161,934	156,010
Taxation	(184,017)	(157,714)	(23,592)	(20,220)
Profit for the year	1,079,069	1,059,167	138,342	135,790
Attributable to:				
Equity holders of the parent	1,071,864	1,018,984	137,418	130,638
Minority interests	7,205	40,183	924	5,152
	1,079,069	1,059,167	138,342	135,790
Dividends paid	279,845	251,469	35,878	32,240
Earnings per share (HK / US cents)				
Basic	73.18	73.53	9.38	9.43
Diluted	70.12	69.75	8.99	8.94

CONSOLIDATED BALANCE SHEET*For the year ended 31st December, 2006 (audited)*

	2006 HK\$'000	2005 HK\$'000	2006 US\$'000	2005 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,791,746	1,755,025	229,711	225,003
Lease prepayments	66,659	65,829	8,546	8,440
Goodwill	4,042,996	3,990,967	518,333	511,662
Intangible assets	1,620,181	1,461,453	207,716	187,366
Interests in associates	192,989	189,453	24,742	24,289
Available-for-sale investments	43,315	15,558	5,553	1,994
Deferred tax assets	706,493	646,758	90,576	82,918
	8,464,379	8,125,043	1,085,177	1,041,672
Current assets				
Inventories	4,019,883	3,971,216	515,370	509,130
Trade and other receivables	3,827,038	3,265,355	490,646	418,635
Deposits and prepayments	544,977	466,030	69,869	59,748
Bills receivable	578,560	431,121	74,174	55,272
Tax recoverable	150,312	68,544	19,271	8,788
Trade receivables from associates	8,554	1,310	1,097	168
Held-for-trading investments in Hong Kong	7,800	-	1,000	-
Bank balances, deposits and cash	3,718,798	4,046,122	476,769	518,734
	12,855,922	12,249,698	1,648,196	1,570,475
Current liabilities				
Trade and other payables	3,118,120	3,590,699	399,759	460,346
Bills payable	335,455	550,964	43,007	70,636
Warranty provision	369,638	338,211	47,389	43,360
Trade payable to an associate	11,811	21,946	1,514	2,814
Tax payable	168,769	116,624	21,637	14,952
Obligations under finance leases				
- due within one year	18,535	18,107	2,376	2,321
Discounted bills with recourse	2,501,155	2,101,171	320,661	269,381
Unsecured borrowings - due within one year	421,849	434,349	54,083	55,685
Bank overdrafts	268,725	238,928	34,452	30,632
	7,214,057	7,410,999	924,878	950,127
Net current assets	5,641,865	4,838,699	723,318	620,348
Total assets less current liabilities	14,106,244	12,963,742	1,808,495	1,662,020

CONSOLIDATED BALANCE SHEET (Con't)*For the year ended 31st December, 2006 (audited)*

	2006 HK\$'000	2005 HK\$'000	2006 US\$'000	2005 US\$'000
CAPITAL AND RESERVES				
Share capital	146,522	146,172	18,785	18,740
Reserves	6,850,008	5,966,167	878,208	764,895
Equity attributable to equity holders of the parent	6,996,530	6,112,339	896,993	783,635
Minority interests	81,445	120,670	10,442	15,471
Total equity	7,077,975	6,233,009	907,435	799,106
NON-CURRENT LIABILITIES				
Obligations under finance leases				
- due after one year	125,529	125,467	16,093	16,086
Convertible bonds	1,105,834	1,078,307	141,774	138,244
Unsecured borrowings - due after one year	4,464,353	4,225,411	572,353	541,719
Retirement benefit obligations	834,087	786,337	106,934	100,812
Deferred tax liabilities	498,466	515,211	63,906	66,053
	7,028,269	6,730,733	901,060	862,914
	14,106,244	12,963,742	1,808,495	1,662,020

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