TECHTRONIC INDUSTRIES CO. LTD.
創 科 實 業 有 限 公 司
(Incorporated in Hong Kong with limited liability)
(Stock code: 669)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

Highlights

	2015 US$' million	2014 US$' million	Changes
Revenue	**5,038**	4,753	**+6.0%**
Gross profit margin	**35.7%**	35.2%	**+50 bpt**
EBIT	**400**	351	**+14.0%**
Profit attributable to Owners of the Company	**354**	300	**+18.0%**
Basic earnings per share (US cents)	**19.37**	16.41	**+18.0%**
Dividend per share (approx. US cents)	**5.05**	4.05	**+24.6%**

We are pleased to report that in 2015 Techtronic Industries Company Limited (the "Company" or "TTI") delivered another record year of sales, gross margin, and profit, for our sixth consecutive year.

This year marks a particularly special milestone for TTI as we celebrate our 30th anniversary. Over the years, our disciplined focus on our four key strategic drivers of powerful brands, innovative products, exceptional people, and operational excellence has enabled us to continually improve our financial performance and business milestones. It is precisely these drivers that we will remain committed to in continuing to deliver outstanding results.

The financial highlights of 2015 include:

- Sales increased 6.0% to a record US$5.0 billion
- Sales adjusted for foreign currency grew 10.5%
- Our MILWAUKEE business grew 23.7% adjusted for foreign currency
- Gross margin expanded from 35.2% to 35.7%, an increase of 50 basis points
- Net profit increased 18.0% for the year, delivering double-digit growth for eight consecutive years
- Efficient working capital management at 17.0% of sales

BUSINESS HIGHLIGHTS

Record Financial Performance

Sales for the year ended December 31, 2015 increased 6.0% over 2014 to US$5.0 billion driven by continued investment in new product development and marketing. Sales before currency adjustment rose significantly in all regions demonstrating the strength of our brands and product lines. Our largest business, Power Equipment, had another exceptional year with sales growth of 11.8% to US$4.0 billion, accounting for 78.8% of total sales, and an increase in operating profit by 29.7% compared to 2014. In the Floor Care and Appliance division, consistent with our strategy in the first half of the year, we continued the planned exit of certain non-strategic lower margin businesses and categories with sales for the year declining 11.2% over 2014 to US$1.0 billion. Looking ahead, we are strategically well positioned with our focus on cordless and commercial cleaning, leveraging our revitalised product portfolio and world-class brands.

Our gross profit margin improved for the seventh consecutive year to 35.7% from 35.2% last year driven by new product, volume growth, and productivity gains. Cost improvement initiatives across our global operations delivered significant savings in purchasing, supply chain, value engineering, and manufacturing. Our investments in automation and lean manufacturing continued driving both labor productivity and overall efficiency.

Earnings before interest and taxes, increased by 14.0% to US$400 million, with the margin improving by 50 basis points to 7.9%. Shareholders' profits rose 18.0% to US$354 million, with earnings per share increasing by 18.0% over 2014 to US19.37 cents. Working capital as a percent of sales remained low at 17.0% and our gearing at 13.4%.

The Board is recommending a final dividend of HK23.25 cents (approximately US2.99 cents) per share. Together, with the interim dividend of HK16.00 cents (approximately US2.06 cents) per share, this will result in a full-year dividend of HK39.25 cents (approximately US5.05 cents) per share, against HK31.50 cents (approximately US4.05 cents) per share in 2014, an increase of 24.6%.

Innovative Products

Our powerful brands and innovative products are connecting with a broader base of new customers, as well as deepening their reach with existing users. With our ongoing strategic investment in R&D and expertise applying our innovations to solve end-user needs, we continue to set the pace in lithium cordless technology expanding across platforms and creating exciting new categories in the industrial and consumer tools, outdoor products, and floor care segments. Our technology is continually setting the bar for innovation in our industries driving transformation. Further, we have expanded our capacity for new product development and are launching product innovations at an even faster pace.

We are committed to delivering the world's most advanced cordless tool technology in our FUEL product family and industry leading lithium cordless platforms in our RYOBI ONE+, RYOBI 36V/40V, AEG 18V Brushless, and MILWAUKEE M12 and M18 ranges. These platforms are being expanded with innovative new products at an unprecedented scale. Break-through development of the MILWAUKEE ONE-KEY program is the first ever digitally controlled platform for cordless tools and equipment. ONE-KEY integrates industry-leading tool electronics with custom-built cloud based technology for diagnostics and tool control, alongside a state-of-the-art tracking platform. We are leading the industry by linking the needs of our end-users more directly with our tools which leads to better product development and new marketing channels.

We are relentlessly applying our lithium cordless technologies to new products in our outdoor and floor care product ranges. We are delivering lithium cordless flexibility and high performance brushless motor technology to demanding outdoor tools like chain saws and walk-behind lawn mowers. Additionally, our product development is on the leading edge of the vacuum industry revolution to lithium cordless. Our superior cleaning technology such as WIND TUNNEL coupled with our comprehensive IP portfolio puts us in a leading position in the design and development of exciting new floor care products in both the consumer and commercial segments of the market.

Highly Focused Category Expansion

We systematically search for opportunities to enter new product categories and create new businesses. One example is our successful drive into hand tools which continues to expand with a new range of HART hammer and striking tools, MILWAUKEE tapes, tool storage and plumbing tools and the integration of the EMPIRE brand, setting a foundation for future growth. We are fundamentally changing the way high-force tools are used by plumbers and electricians with our MILWAUKEE FORCE LOGIC range of crimpers, knockout and press fit cordless tools, and we have expanded into the construction lighting space with the new MILWAUKEE M12 and M18 cordless lighting solutions. We continue to invest in new products, technology and manufacturing to drive our expansion in these globally significant markets.

Expanding Global Reach

Our highly selective, targeted expansion into under-represented markets continues to deliver results. The MILWAUKEE business, which grew 17.7% this past year, is expanding its reach in strategic markets across the world, as well as driving gains in North America, Australia and key European markets. We are bringing our new product stream to market by establishing sales, marketing and distribution in these geographies.

Delivering Operational Excellence

We have a deep commitment to operational excellence and continuous improvement which keeps us on the leading edge of our industries and generating value for our customers. Our disciplined processes in lean manufacturing, global purchasing, and value engineering continue to deliver efficiencies, reduce lead-times and improve quality and service levels. Additionally, we are adding production and supply chain capacity to support our growth. Our new technologies and products are fully supported by investments in manufacturing capabilities. These initiatives are driving long-term improvements in our operations, expanding gross margins and reducing working capital requirements.

DIVIDEND

The Directors have recommended a final dividend of HK23.25 cents (approximately US2.99 cents) per share with a total of approximately US$54,871,000 for the year ended December 31, 2015 (2014: HK19.00 cents (approximately US2.45 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 27, 2016. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about June 24, 2016. This payment, together with the interim dividend of HK16.00 cents (approximately US2.06 cents) per share (2014: HK12.50 cents (approximately US1.61 cents)) paid on September 25, 2015, makes a total payment of HK39.25 cents (approximately US5.05 cents) per share for 2015 (2014: HK31.50 cents (approximately US4.05 cents)).

REVIEW OF OPERATIONS

TTI delivered another year of record results in 2015 with revenue increasing 6.0%. Adjusted for foreign currency, sales for the period grew by 10.5% with North America growing 12.1%, Europe growing 5.1% and Rest of World growing 18.9%. This positive result was driven by a continuous flow of innovative new products backed by break-through technologies, including further expansion of our Lithium cordless platforms across our brands and product lines and into new categories.

Power Equipment

Sales in Power Equipment, our largest business consisting of power tools, hand tools, outdoor products, and accessories, rose by 11.8% to US$4.0 billion and grew 16.8% adjusted for foreign currency. We delivered growth in all geographic markets with our powerful portfolio of industry leading brands which include MILWAUKEE, AEG, RYOBI, EMPIRE, HART and HOMELITE. The business accounted for 78.8% of Group turnover, compared with 74.7% in 2014, with Earnings growing by 29.7% to US$379 million.

Industrial

Our MILWAUKEE industrial business had another excellent year, delivering 17.7% sales growth in the global industrial power tool, accessory and hand tool markets. The continued introduction of innovative products, entry into new product categories, execution of aggressive end user conversion initiatives, and a focus on operational excellence resulted in growth outpacing the market and significant share gains.

Power Tools
With the FUEL cordless technology platform, MILWUAKEE continues to serve as the leader in the power tool corded to cordless revolution. We offer the industry's most comprehensive line of cordless industrial power tools powered by the M12 and M18 battery platforms. Our new M18 FUEL Magnetic Drill Press and M18 FUEL SUPERHANG drill provide the power of corded tools, while offering the convenience, safety and productivity of cordless. Introduction of the M18 FORCE LOGIC High Force Cutting and Crimping Tools created a strong entry into the global Power Utility space, and our M12 and M18 LED Lighting solutions have laid the foundation for leadership in the global construction lighting space.

Accessories
Our power tool accessory business continued its excellent performance with introductions in the Hole Saw, Twist Drilling and Driver Bit categories. The new HOLE DOZER range of bimetal hole saws drove double digit growth in the hole saw category, and SHOCKWAVE, a leading brand in impact driving accessories, received a comprehensive upgrade with new driver bit technology. The new SHOCKWAVE bits are best in

class delivering thirty times longer life compared to many competing ranges of impact rated bits. Our new line of Titanium Coated and Cobalt drill bits feature exclusive RED HELIX geometry for faster drilling and the Titanium Coated drill bits incorporate SHOCKWAVE quick change hex shanks to enable highly productive drilling with impact drivers.

Hand Tools
In 2015, MILWAUKEE launched more new hand tools than in any prior year, driving the continued rapid expansion of the business. Key product launches included a new range of Tape Measures designed for carpenters and general contractors that feature a unique blade coating to extend life and a wide base for more effective application during typical layout uses. Our expanded range of Pliers with innovations like reduced weight and optimized handle sizes are making inroads with electrical, plumbing, HVAC, MRO and remodeling specialists. The Interlocking Organizer and Tool Chest Combo are new additions to the growing range of extremely successful storage products. Additionally, Empire Level established itself as a market leader in the US and laid the foundation for future leadership in other key regions with the launch of Laser Etched squares and the innovative TRUE BLUE I-Beam levels.

Consumer and Professional

During the year, RYOBI expanded its market share in North America and delivered double digit growth in Europe and Rest of World. The 18V RYOBI ONE+ system of tools and batteries continues to grow by over one million new customers annually, enhanced with a number of pioneering new products for nearly any project. Exciting new additions include the ONE+ 18V Hybrid Work Light for either AC or 18V power source use, ONE+ 3 Speed Impact Wrench giving the end-user greater control, ONE+ Compact Radio with built-in Bluetooth functionality and USB charging, an industry first ONE+ 10-inch Orbital buffer, ONE+ Drain Auger, ONE+ Brushless drill with incredible power and the new ONE+ Evercharge Handheld Vacuum with integrated charging.

AEG power tools continued to gain momentum with professional users. The successful 18V Brushless line of tools deliver best-in-class technology, performance and run time satisfying the needs of the tradesman. The new jobsite blower and random orbit sander have been important contributors to the 18V range. Excitingly, AEG 18V was the first-to-market with a high performance 6.0ah battery. AEG will continue to deliver compelling product innovations to the professional user.

Outdoor Products

Outdoor Products delivered a strong year in 2015 across all regions. The expansion of Lithium cordless technology across our outdoor product ranges continued with the rollout of new products in our “gas-like-power” 36V/40V RYOBI Lithium cordless platform and RYOBI ONE+ 18V line of tools. We are widening our leadership with the launch of the first-in-class brushless motor AEG 58V Lithium Ion Professional Grade cordless product line consisting of a string trimmer, blower, chain saw, hedge trimmer and lawn mower. The tools in this system include highly efficient, long-lasting brushless motors, and cutting edge lithium cordless performance, enabling us to reach a new group of users.

In addition to maintaining our dominance in cordless, we continued expanding sales of our gas categories with enhanced RYOBI gas trimmers featuring professional design engines and a new electric start, as well as a new gas powered pressure washer. The full line of RYOBI electric pressure washers, with premium nozzles for faster cleaning, continue to be well-received delivering best-in-class performance at an incredible value for the consumer.

Floor Care and Appliances

The Floor Care and Appliances business reported sales of US$1.0 billion. Accounting for 21.2% of the Group's revenue. On a global basis, Hoover and Oreck's business were up after adjusted for foreign currency. The overall division was down by 11.2%, primarily due to a mandated European Union (EU) Energy Labeling Directive and the strategic exit of certain low margin products and OEM businesses. We view these as episodic and the business will resume its normal course in the years to come. The business is primarily comprised of the HOOVER, ORECK, VAX and DIRT DEVIL brands.

In North America, our HOOVER cordless Lithium range of stick and upright vacuums are gaining popularity. Standout products are the HOOVER LINX cordless stick that received industry recognition as the best cordless vacuum in a review by a respected consumer product testing group and the innovative HOOVER AIRLIFT deluxe cordless upright with a one-hand lift off canister. Dirt Devil launched a new range of Power series vacuums and hand held stick vacuums for the US and Canadian market, offering innovative design and outstanding value for the consumer. Our foundation of cordless innovation and leadership consumer design will fuel our growth going forward.

Commercial cleaning is an exciting category where we, prior to the Oreck acquisition, had limited penetration. We are aggressively expanding into this segment, which we expect to be one of the key growth drivers in floor care in the years to come. In 2015, growth in our commercial cleaning business under the HOOVER and ORECK brands was driven by the launch of new cordless platforms. Hoover introduced an industry leading range of 40V high performance cordless products for large area cleaning building upon HUSHTONE noise reduction technology, while Oreck launched a new 20V platform for small area commercial cleaning, for both wet and dry cleaning requirements. We have a product offering filled with innovation and a comprehensive intellectual property portfolio for future product development that will drive market change in the commercial cleaning industry.

In Europe, 2015 proved to be challenging as the industry absorbed key changes in eco-legislation and faced foreign currency headwinds, but benefited from substantial growth in the cordless category. VAX is the dominant brand in the UK upright and carpet washing segments with DIRT DEVIL brand a leader in the German robotic category. Most exciting was the continued success of our expanding cordless range with AIR Cordless Lift leading the way as the first full-sized cordless lift-off in the UK. With a large pipeline of products in development and marketing resources being deployed, we are focused on driving the industry and consumer shift to cordless cleaning.

FINANCIAL REVIEW

FINANCIAL RESULTS

Result Analysis

The Group's revenue for the year amounted to US$5.0 billion, an increase of 6.0% as compared to US$4.8 billion in 2014. Profit attributable to Owners of the Company amounted to US$354 million as compared to US$300 million in 2014, an increase of 18.0%. Basic earnings per share for the year improved to US19.37 cents as compared to US16.41 cents in 2014.

EBITDA amounted to US$570 million, an increase of 14.1% as compared to US$500 million in 2014.

EBIT amounted to US$400 million, an increase of 14.0% as compared to US$351 million in 2014.

Gross Margin

Gross margin improved to 35.7% as compared to 35.2% last year. The margin improvement was the result of new product introduction, category expansion, improvements in operational efficiency and supply chain productivity.

Operating Expenses

Total operating expenses for the year amounted to US$1,403 million as compared to US$1,326 million in 2014, representing 27.9% of turnover (2014: 27.9%). The increase was mainly due to the strategic spent on advertising and promotion on new products, and the one time costs associated with the exiting of non-strategic Floor Care operations.

Investments in product design and development amounted to US$128 million, representing 2.5% of turnover (2014: 2.5%) reflecting our continuous strive for innovation. We will continue to invest to create breakthrough technology and deliver broad base end-user products and categories as these are most critical not only to maintain sales growth momentum but also margin expansions.

Net interest expenses for the year amounted to US$13 million as compared to US$25 million in 2014, a reduction of US$12 million or 48.8%. Interest coverage, expressed as a multiple of EBITDA to total interest was 24.8 times (2014: 13.0 times).

The effective tax rate, being tax charged for the year to before tax profits was at 8.5% (2014: 7.9%). The Group will continue to leverage its global operations to sustain the overall tax efficiencies.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' Funds

Total shareholders' funds amounted to US$2.2 billion as compared to US$2.0 billion in 2014. Book value per share was at US$1.18 as compared to US$1.07 last year, an increase of 10.3%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2015, the Group's cash and cash equivalents amounted to US$775 million (2014: US$690 million), of which 40.6%, 26.6%, 14.0% and 18.8% were denominated in US$, RMB, HK$ and other currencies respectively.

The Group's net gearing, expressed as a percentage of total net borrowing (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, was at 13.4% as compared to 10.0% last year. Excluding the one time cash charge of US$70 million for the purchase of the Group's head office premise in Hong Kong, the net gearing was at 9.9%. The group remains confident that gearing will remain low going forward.

Bank Borrowings

Long term borrowings accounted for 42.9% of total debts (2014: 36.3%).

The Group's major borrowings continued to be in US Dollars and in HK Dollars. Borrowings are predominantly LIBOR or Hong Kong best lending rates based. There is a natural hedge mechanism in place as the Group's major revenues are in US Dollars and currency exposure therefore is low. Currency, interest rate exposures, and cash management functions are all being closely monitored and managed by the Group's treasury team.

Working Capital

Total inventory was at US$1,190 million as compared to US$1,056 million in 2014. Days inventory increased by 5 days from 81 days to 86 days. The increase was mainly due to the strategic decision to carry a higher level of inventory to support our service level, considering our high growth momentum. The Group will continue to focus in managing the inventory level and improve inventory turns.

Trade receivable turnover days were at 60 days as compared to 59 days last year. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 55 days as compared to 54 days last year. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing the credit exposure.

Trade payable days were 84 days as compared to 87 days in 2014.

Working capital as a percentage of sales was at 17.0% as compared to 14.6% in 2014.

Capital Expenditure

Total capital expenditures for the year amounted to US$232 million (2014: US$154 million), including US$70 million of office premises located in Hong Kong.

Capital Commitments and Contingent Liabilities

As at December 31, 2015, total capital commitments amounted to US$23 million (2014: US$12 million) and there were no material contingent liabilities or off balance sheet obligations.

Charge

None of the Group's assets are charged or subject to encumbrance.

Major Customers and Suppliers

For the year ended December 31, 2015

(i) the Group's largest customer and five largest customers accounted for approximately 42.7% and 52.3% respectively of the Group's total revenue; and

(ii) the Group's largest supplier and five largest suppliers accounted for approximately 4.6% and 16.6% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

As far as the Directors are aware, none of the Directors, their associates or any shareholders who owned more than 5% of TTI's share capital had any interest in the five largest customers or suppliers of the Group.

HUMAN RESOURCES

The Group employed a total of 20,517 employees as at December 31, 2015 (2014: 20,081) in Hong Kong and overseas. Total staff cost for the year under review amounted to US$727 million (2014: US$678 million).

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improving the quality, competence and skills of all employees. It provides job-related training and leadership development programs throughout the organization. The Group continues to offer competitive remuneration packages, discretionary share options and bonuses to eligible staff, based on the performance of the Group and the individual employee.

CORPORATE STRATEGY AND BUSINESS MODEL

The Group is a world-class leader in design, manufacturing and marketing of power tools, outdoor power equipment and floor care for consumers, professional and industrial users in the home improvement, infrastructure and construction industries. We are committed to implementing our long term strategic plan that focuses on "Powerful brands, Innovative Products, Operational Excellence and Exceptional People".

We continue to strengthen our portfolio of powerful brands with a focused marketing approach. Brands extension into new product categories and under-represented markets enable us to generate outstanding growth. Geographic expansion will be a highlight of TTI's future, our long term strategy is to aggressively build our business outside the U.S. and we have spent relentless efforts to expand or establish presence in high potential markets around the world.

Introducing innovative new products is the centerpiece of our long term strategy. We continue to invest in building a high-speed product development process, enabling us to respond faster to customer requests and emerging opportunities, giving us a vigorous competitive advantage.

Our strategy in operational excellence will continue, we will drive further gains in efficiency across our manufacturing operations, supporting further margin improvement.

We continue to deploy our Leadership Development Program (LDP) to develop our pool of talent for the future. The LDP initiative is successfully feeding talent into key positions throughout the company.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with senior management of the Group and Messrs Deloitte Touche Tohmatsu the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters, including the review of Group's consolidated financial statements for the year ended December 31, 2015. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Corporate Governance Code") throughout the year ended December 31, 2015, save that:

1. none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the board of directors (the "Board") must retire by rotation at each general meeting of the Company, and if eligible, offer themselves for re-election.

2. Mr Horst Julius Pudwill (Chairman of the Board) and Mr Joel Arthur Schleicher (an Independent Non-executive Director), who has retired after the conclusion of the annual general meeting of the Company held on May 22, 2015 (the "2015 Annual General Meeting"), were unable to attend the 2015 Annual General Meeting due to business reason and prior engagement respectively.

The Company has also voluntarily complied with a number of the recommended best practices set out in the Corporate Governance Code, aimed at further enhancement of the Company's corporate governance standard as well as promotion of the best interests of the Company and shareholders as a whole.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors who have confirmed that they have fully complied with the required standards as set out in the Model Code during the year ended December 31, 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Other than for satisfying the awarded shares granted under the Company's share award scheme (details of which will be set out in the 2015 Annual Report of the Company), neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

To ascertain members' eligibility to attend and vote at the 2016 Annual General Meeting, the register of members of the Company will be closed from May 19, 2016 to May 20, 2016, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2016 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on May 18, 2016.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 27, 2016 when no transfers of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on May 26, 2016.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on May 20, 2016 and the notice of the annual general meeting will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

OUTSTANDING PROSPECTS

Outlook Remains Strong

As we reflect on thirty years of accomplishment, we are determined to continue our remarkable growth and lead the industry's cordless revolution forward. Backed by our experience building the best brands, developing the most advanced technologies, and creating innovative products, we enter 2016 with our most dynamic lineup ever, expanding our RYOBI ONE+ system and MILWAUKEE M12, M18 and FUEL platforms across traditional and new ranges and categories. A new powerful AEG 58V PRO Lithium range of outdoor tools will deliver power and run-time commercial users demand and the MILWAUKEE ONE-KEY digital platform for tools and equipment will revolutionize the way work gets done. Our cordless floor care and outdoor products are transforming both the consumer and commercial segments of the market, while growth in our hand tool and accessory businesses continues to surge. The future for TTI is indeed a very exciting and bright one.

We would like to thank our loyal customers and business partners for their ongoing support. Our dedicated, skilled and passionate teams are the keys to all that we have been able to accomplish enabling us to deliver consistently outstanding results. We are grateful to our Board of Directors for their ongoing strategic contributions. Our success has been, and will firmly remain, the result of a dedicated team effort.

By Order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, March 15, 2016

As at the date of this announcement, the Board comprises five group Executive Directors, namely Mr Horst Julius Pudwill (Chairman), Mr Joseph Galli Jr. (Chief Executive Officer), Mr Patrick Kin Wah Chan, Mr Frank Chi Chung Chan and Mr Stephan Horst Pudwill, two Non-executive Directors, namely Prof Roy Chi Ping Chung BBS JP and Mr Camille Jojo and four Independent Non-executive Directors, namely Mr Christopher Patrick Langley OBE, Mr Manfred Kuhlmann, Mr Peter David Sullivan and Mr Vincent Ting Kau Cheung.

This results announcement is published on the websites of the Company (www.ttigroup.com) and the HKExnews (www.hkexnews.hk).

"MILWAUKEE, ONE-KEY, HOLE DOZER, FORCE LOGIC, EMPIRE, FUEL, SUPERHANG, RED HELIX, M12, TRUE BLUE, M18, M18 FUEL, SHOCKWAVE, HOMELITE, ONE+, HOOVER, WINDTUNNEL, LINX, AIRLIFT, HUSHTONE, DIRT DEVIL, VAX, AIR, ORECK, HART" are trademarks of the TTI Group.

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RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2015

	Notes	**2015** **US$'000**	2014 US$'000
Revenue	*2*	**5,038,004**	4,752,960
Cost of sales		**(3,240,365)**	(3,079,883)
Gross profit		**1,797,639**	1,673,077
Other income	*3*	**5,297**	3,443
Interest income		**10,577**	14,529
Selling, distribution and advertising expenses		**(697,598)**	(643,817)
Administrative expenses		**(577,735)**	(564,448)
Research and development costs		**(127,788)**	(117,992)
Finance costs	*4*	**(23,435)**	(39,633)
Profit before taxation		**386,957**	325,159
Taxation charge	*5*	**(32,814)**	(25,680)
Profit for the year	*6*	**354,143**	299,479
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations		**(2,804)**	(6,867)
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss) gain on foreign currency forward contracts in hedge accounting		**(30,262)**	21,562
Exchange differences on translation of foreign operations		**(48,484)**	(26,624)
Other comprehensive loss for the year		**(81,550)**	(11,929)
Total comprehensive income for the year		**272,593**	287,550

	Note	2015 US$'000	2014 US$'000
Profit for the year attributable to:			
Owners of the Company		**354,427**	300,330
Non-controlling interests		**(284)**	(851)
		354,143	299,479
Total comprehensive income attributable to:			
Owners of the Company		**272,877**	288,401
Non-controlling interests		**(284)**	(851)
		272,593	287,550
Earnings per share (US cents)	*7*		
Basic		**19.37**	16.41
Diluted		**19.28**	16.34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	Notes	**2015 US$'000**	2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*8 & 12*	**538,466**	425,366
Lease prepayments		**32,441**	34,706
Goodwill		**553,789**	554,137
Intangible assets		**520,935**	496,082
Interests in associates		**6,588**	6,515
Available-for-sale investments		**495**	509
Derivative financial instruments		**10,544**	11,635
Deferred tax assets		**146,064**	86,911
		1,809,322	1,615,861
Current assets			
Inventories		**1,190,331**	1,056,329
Trade and other receivables	*9*	**849,488**	819,951
Deposits and prepayments		**117,400**	85,967
Bills receivable		**27,277**	31,600
Tax recoverable		**8,080**	6,448
Trade receivables from an associate		**2,681**	4,011
Derivative financial instruments		**22,415**	39,666
Held-for-trading investments		**1,116**	1,155
Bank balances, deposits and cash		**774,608**	690,395
		2,993,396	2,735,522
Current liabilities			
Trade and other payables	*10*	**1,160,494**	1,135,530
Bills payable		**37,440**	46,845
Warranty provision		**75,193**	65,819
Tax payable		**110,353**	57,945
Derivative financial instruments		**14,028**	11,499
Obligations under finance leases - due within one year		**2,153**	2,277
Discounted bills with recourse		**77,629**	72,652
Unsecured borrowings - due within one year		**588,341**	552,048
Bank overdrafts		**3,837**	2,619
		2,069,468	1,947,234
Net current assets		**923,928**	788,288
Total assets less current liabilities		**2,733,250**	2,404,149

	Note	2015 US$'000	2014 US$'000
Capital and Reserves			
Share capital	*11*	**647,109**	643,914
Reserves		**1,508,874**	1,323,239
Equity attributable to Owners of the Company		**2,155,983**	1,967,153
Non-controlling interests		**(411)**	(127)
Total equity		**2,155,572**	1,967,026
Non-current Liabilities			
Obligations under finance leases - due after one year		**10,402**	11,135
Unsecured borrowings - due after one year		**456,680**	322,216
Retirement benefit obligations		**99,896**	99,407
Deferred tax liabilities		**10,700**	4,365
		577,678	437,123
Total equity and non-current liabilities		**2,733,250**	2,404,149

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as appropriate.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective as at January 1, 2015:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]

1 Effective for annual periods beginning on or after January 1, 2018.
2 Effective for first annual HKFRS financial statements beginning on or after January 1, 2016.
3 Effective for annual periods beginning on or after January 1, 2016.
4 Effective for annual periods beginning on or a date to be determined.

Other than described below, the directors of the Company consider the application of the new and revised HKFRSs would not have any material impact on the consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods sold.

The principal categories of goods supplied are "Power Equipment" and "Floor Care and Appliances". The Group's operating segments under HKFRS 8 are as follows:

1. Power Equipment – sales of power tools, power tool accessories, outdoor products, and outdoor product accessories for consumer, trade, professional and industrial users. The products are available under the MILWAUKEE, EMPIRE, AEG, RYOBI and HOMELITE brands plus original equipment manufacturer ("OEM") customers.

2. Floor Care and Appliances – sales of floor care products and floor care accessories under the HOOVER, DIRT DEVIL, VAX and ORECK brands plus OEM customers.

Information regarding the above segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments for the year:

For the year ended December 31, 2015

	Power Equipment US$'000	**Floor Care and Appliances US$'000**	**Eliminations US$'000**	**Consolidated US$'000**
Segment revenue				
External sales	**3,972,081**	**1,065,923**	**-**	**5,038,004**
Inter-segment sales	**17**	**1,009**	**(1,026)**	**-**
Total segment revenue	**3,972,098**	**1,066,932**	**(1,026)**	**5,038,004**

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	**379,302**	**20,513**	**-**	**399,815**
Interest income				**10,577**
Finance costs				**(23,435)**
Profit before taxation				**386,957**
Taxation charge				**(32,814)**
Profit for the year				**354,143**

Segment results represent the profit earned by each segment without the allocation of interest income and finance costs. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

Segment revenue and results
For the year ended December 31, 2014

	Power Equipment US$'000	Floor Care and Appliances US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	3,552,790	1,200,170	-	4,752,960
Inter-segment sales	-	923	(923)	-
Total segment revenue	3,552,790	1,201,093	(923)	4,752,960

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	292,336	57,927	-	350,263
Interest income				14,529
Finance costs				(39,633)
Profit before taxation				325,159
Taxation charge				(25,680)
Profit for the year				299,479

Revenue from major products
The following is an analysis of the Group's revenue from its major products:

	2015 US$'000	2014 US$'000
Power Equipment	**3,972,081**	3,552,790
Floor Care and Appliances	**1,065,923**	1,200,170
Total	**5,038,004**	4,752,960

Geographical information
The Group's revenue from external customers by geographical location, determined based on the location of the customer by geographical location are detailed below:

	2015 US$'000	2014 US$'000
North America	**3,772,235**	3,393,493
Europe	**861,029**	968,544
Other countries	**404,740**	390,923
Total	**5,038,004**	4,752,960

Information about major customer

During the years ended December 31, 2015 and 2014, the Group's largest customer contributed total revenue of US$2,148,906,000 (2014: US$1,779,833,000), of which US$2,067,735,000 (2014: US$1,717,950,000) was under the Power Equipment segment and US$81,171,000 (2014: US$61,883,000) was under the Floor Care and Appliances segment. There is no other customer contributing more than 10% of total revenue.

3. Other Income

Other income in both 2015 and 2014 mainly comprises of sales of scrap materials and claims and reimbursements from customers and vendors.

4. Finance Costs

	2015	2014
	US$'000	US$'000
Interest on:		
Bank borrowings and overdrafts	**20,843**	31,870
Obligations under finance leases	**845**	325
Fixed interest rate notes	**1,747**	7,438
	23,435	39,633

5. Taxation Charge

	2015	2014
	US$'000	US$'000
The total tax charge comprises:		
Hong Kong Profits Tax	**(2,089)**	(3,485)
Overseas tax	**(81,721)**	(32,005)
Deferred tax	**50,996**	9,810
	(32,814)	(25,680)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. Profit for the Year

	2015	2014
	US$'000	US$'000
Profit for the year has been arrived at after charging:		
Amortisation of intangible assets	**78,422**	66,802
Amortisation of lease prepayments	**739**	802
Depreciation and amortisation on property, plant and equipment	**90,785**	80,848
Staff costs	**621,222**	579,881

Staff costs disclosed above do not include an amount of US$105,709,000 (2014: US$97,684,000) incurred of staff costs relating to research and development activities.

7. Earnings per Share

The calculation of the basic and diluted earnings per share attributable to Owners of the Company is based on the following data:

	2015	2014
	US$'000	US$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to Owners of the Company	**354,427**	300,330
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,830,134,915**	1,830,438,103
Effect of dilutive potential ordinary shares:		
Share options	**7,351,461**	7,778,724
Share award	**402,825**	28,773
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,837,889,201**	1,838,245,600

8. Additions of Property, Plant and Equipment

During the year, the Group spent approximately US$162 million (2014: US$154 million) on the acquisition of property, plant and equipment.

The Group also acquired two companies which hold leasehold land and building located in Hong Kong for a consideration of US$70 million.

9. Trade and Other Receivables

The Group has a policy of allowing credit periods ranging mainly from 30 days to 120 days. The aging analysis of trade receivables, net of allowances for doubtful debts, presented on the basis of the revenue recognition date, which is usually the invoice date, at the end of the reporting period is as follows:

	2015	2014
	US$'000	US$'000
0 to 60 days	**699,592**	651,192
61 to 120 days	**90,601**	84,514
121 days or above	**37,744**	37,264
Total trade receivables	**827,937**	772,970
Other receivables	**21,551**	46,981
	849,488	819,951

10. Trade and Other Payables

The aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2015	2014
	US$'000	US$'000
0 to 60 days	**523,034**	541,681
61 to 120 days	**140,479**	149,729
121 days or above	**9,734**	5,076
Total trade payables	**673,247**	696,486
Other payables	**487,247**	439,044
	1,160,494	1,135,530

The credit period on the purchase of goods ranges from 30 days to 120 days (2014: 30 days to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

11. Share Capital

	2015 Number of shares	2014 Number of shares	**2015 US$'000**	2014 US$'000
Ordinary shares				
Authorised shares	**2,400,000,000**	2,400,000,000	**N/A**	**N/A**
Issued and fully paid:				
At the beginning of the year	**1,831,346,941**	1,829,883,941	**643,914**	23,471
Issue of shares upon exercise of share options	**2,390,000**	2,328,000	**3,195**	1,408
Buy-back of shares	**-**	(865,000)	**-**	-
Transfer of share premium and capital redemption reserve upon abolition of par value under the new Hong Kong Companies Ordinance	**-**	-	**-**	619,035
At the end of the year	**1,833,736,941**	1,831,346,941	**647,109**	643,914

12. Capital Commitments

	2015	2014
	US$'000	US$'000
Capital expenditure in respect of the purchase of property, plant and equipment:		
Contracted for but not provided	**20,942**	9,077
Authorised but not contracted for	**1,991**	2,851

13. Contingent Liabilities

	2015	2014
	US$'000	US$'000
Guarantees given to banks in respect of credit facilities utilised by associates	**8,877**	8,877