

Registered Number: 2478762

RYOBI TECHNOLOGIES (UK) LIMITED

Report and Financial Statements

31 December 2006

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RYOBI TECHNOLOGIES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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RYOBI TECHNOLOGIES (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Pudwill
R Chi Ping Chung
M Pearson

SECRETARY

D Zuliani

REGISTERED OFFICE

Medina House
Fieldhouse Lane
Marlow
Buckinghamshire
SL7 1TB

AUDITORS

Deloitte & Touche LLP
Chartered Accountants

BANKERS

HSBC Bank Plc
PO BOX 68
130 New Street
Birmingham
B2 4JU

Bank of Tokyo-Mitsubishi Limited
12-15 Finsbury Circus
London
EC2M 7BT

Citibank
336 Strand
London
WC2R 1HB

SOLICITORS

Wragge & Co
55 Colmore Row
Birmingham
B3 2AS

RYOBI TECHNOLOGIES (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2006

ACTIVITIES

The principal activity of the company continues to be the sale and distribution of powered tools

BUSINESS REVIEW AND FUTURE PROSPECTS

Results for the year

Details of the company's performance are given in the profit and loss account on page 6 and the notes on pages 9 and 10

Financial position

The position of the company at the end of the year is set out in the balance sheet on page 7 and the notes on pages 11 to 14

Future prospects

The directors are confident that the company's performance to operating income will show further improvements during the coming year

A programme to recapitalise the company commenced in 2005 was completed in 2006

Principle Risks and Uncertainties

Principal risks and uncertainties facing the business are related to the USD/GBP exchange rate fluctuations. The company mainly purchases its products in USD and sell them in GBP and is therefore exposed to currency fluctuations. Such risk is monitored and mitigated via implementation of FX risk management instruments such as hedging contracts

Key Performance indicators

Main Key Performance Indicators for the company are as follows

- 1 Net sales 2006 performance has shown a 10% improvement versus prior year data and is expected to improve in 2007
- 2 Operating Margin pre finance costs and other non operating expenses 2006 performance shows an increase of 18% compared to 2005
- 3 Net Equity following the recapitalisation of the company the net equity position has substantially improved now showing a positive net equity
Also as a result of the recapitalisation of the company the intercompany trade debt have been paid off and the balances significantly reduced (from £ 16.7m in 2005 to £ 3.1m in 2006)
- 4 Working capital improvement resulted from improved inventory and receivables management
Inventory turns have significantly increased from 1.7 in 2005 to 3.7 in 2007. There has been also a substantial reduction in the Inventory balance (£ 11m in 2005 vs £ 6m in 2006)
DSO have reduced from 100 days in 2005 to 90 days in 2006

FINANCIAL RESULTS AND DIVIDENDS

The company made a loss of £610,604 (2005 loss of £796,119). The directors do not propose the payment of a dividend (2005 £Nil)

RYOBI TECHNOLOGIES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year and subsequent to year end are shown on page 1

None of the directors who were in office at the year end had any beneficial interest in the share capital of the company

Their interests in the share capital of the immediate parent company, One World Technologies Sarl, are disclosed in the accounts of that company

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed
on behalf of the Board



D Zuliani
Secretary

10/7/2007

RYOBI TECHNOLOGIES (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RYOBI TECHNOLOGIES (UK) LIMITED

We have audited the financial statements of Ryobi Technologies (UK) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the information given in the Directors' Report is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Reading, UK

10 July 2007

RYOBI TECHNOLOGIES (UK) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2006

	Note	2006 £	2005 £
TURNOVER	1	29,565,306	26,804,003
Cost of sales		(22,711,015)	(19,761,890)
Gross profit		6,854,291	7,042,113
Distribution costs		(4,854,690)	(5,055,567)
Administrative expenses	3	(2,114,037)	(1,918,028)
		(6,968,727)	(6,973,595)
OPERATING (LOSS)/PROFIT AND LOSS/(PROFIT) ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES	3	(114,436)	68,518
Net Finance expense	4	(496,168)	(864,637)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION, TRANSFERRED FROM RESERVES	13	(610,604)	(796,119)

All results derive from continuing operations

There are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly, a statement of total recognised gains and losses has not been presented.

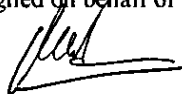
RYOBI TECHNOLOGIES (UK) LIMITED

BALANCE SHEET 31 December 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	6	502,466	337,637
CURRENT ASSETS			
Stocks	7	6,170,627	11,710,726
Debtors	8	9,244,208	9,438,534
Cash at bank and in hand		2,560	1,948,329
		<u>15,417,395</u>	<u>23,097,589</u>
CREDITORS. Amounts falling due within one year			
Bank overdraft		3,150,547	4,991,328
Trade creditors		829,582	765,659
Amounts owed to group companies	9	3,823,534	16,780,234
Other creditors including taxation and social security	10	4,429,608	3,257,457
		<u>(12,233,271)</u>	<u>(25,794,678)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>3,183,124</u>	<u>(2,697,089)</u>
TOTAL ASSETS LESS CURRENT ASSETS/(LIABILITIES)			
BEING NET ASSETS/(LIABILITIES)		<u>3,686,590</u>	<u>(2,359,452)</u>
CAPITAL AND RESERVES			
Called up share capital	11	4,000,000	4,000,000
Capital contributions	12	6,656,646	-
Profit and loss account	13	(6,970,056)	(6,359,452)
TOTAL SHAREHOLDERS' FUND/(DEFICIT)	13	<u>3,686,590</u>	<u>(2,359,452)</u>

These financial statements were approved by the Board of Directors on 9th July 2007

Signed on behalf of the Board of Directors



M Pearson
Director

RYOBI TECHNOLOGIES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES

The accounts and notes are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been consistently applied throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Turnover

Turnover represents the value of all goods supplied during the year, stated net of Value Added Tax and trade discounts. Turnover arises in the UK and Ireland and relates to the company's principal activity.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Motor vehicles	33.3% per annum
Computer equipment	33.3% per annum
Fixtures, fittings and equipment	10% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes purchase price, freight, duty and container unloading. Net realisable value is based on estimated selling price less further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

RYOBI TECHNOLOGIES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES (continued)

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate and the exchange differences are included in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

The company makes payments to individual personal pension schemes. Contributions are charged to the profit and loss account as they fall due.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £	2005 £
Directors' emoluments		
Emoluments (including pension contributions)	<u>209,960</u>	<u>185,397</u>
	2006 £	2005 £
Staff costs (excluding directors emoluments).		
Wages and salaries	1,704,570	1,500,023
Social security costs	273,937	190,025
Pension contributions	95,231	57,203
	<u>2,073,738</u>	<u>1,747,251</u>
	2006 No.	2005 No.
Average number of persons employed (including directors)		
Sales and distribution	62	40
Administration	11	6
	<u>73</u>	<u>46</u>

RYOBI TECHNOLOGIES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

3. OPERATING (LOSS)/PROFIT

	2006 £	2005 £
Operating (loss)/profit is after charging.		
Depreciation – owned assets	168,550	60,908
Rentals under operating leases		
Hire of plant and machinery	82,847	52,874
Other operating leases	127,002	65,373
Auditors' remuneration	29,946	24,000
Group Management Recharges	241,327	241,327
Exchange loss	332,383	502,521
	<hr/>	<hr/>

4. NET FINANCE EXPENSE

	2006 £	2005 £
Interest payable and similar charges	(506,074)	(868,204)
Interest receivable and similar income	9,906	3,567
	<hr/>	<hr/>
	(496,168)	(864,637)
	<hr/>	<hr/>
Interest payable and similar charges		
- bank interest	(392,895)	(215,302)
- other interest payable and similar charges	(113,179)	(652,902)
	<hr/>	<hr/>
	(506,074)	(868,204)
	<hr/>	<hr/>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no current or deferred tax to be recognised for the current or previous year

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation

	2006 %	2005 %
Standard tax rate for the period as a percentage of losses/profits	30	30
Expenses not deductible for tax purposes	(24)	(9)
Capital allowances in excess of depreciation	2	3
Movement in tax losses	(8)	(23)
Movement in short term timing differences	-	(1)
	<hr/>	<hr/>
	-	-
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There is a potential deferred tax asset of £1,446,794 (2005 £1,302,150) which has not been recognised as there is insufficient evidence that the asset will be recovered. The asset would be recovered if sufficient taxable profit arose in the company in the future against which the losses could be relieved.

RYOBI TECHNOLOGIES (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

6. TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2006	57,427	204,862	292,869	555,158
Additions	1,080	34,240	299,042	334,362
Disposals	-	(1,476)	-	(1,476)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	58,507	237,626	591,911	888,044
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 2006	33,705	136,161	47,655	217,521
Charge for the year	11,007	45,326	112,217	168,550
Disposals	-	(493)	-	(493)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	44,712	180,994	159,872	385,578
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2005	23,722	68,701	245,214	337,637
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	13,795	56,632	432,039	502,466
	<hr/>	<hr/>	<hr/>	<hr/>

7. STOCKS

	2006 £	2005 £
Goods for resale	6,170,627	11,710,726
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and their balance sheet value

8. DEBTORS

	2006 £	2005 £
Trade debtors	6,447,865	7,528,691
Amounts owed by group companies	1,893,726	1,508,625
Other debtors	443,044	102,705
Prepayments and accrued income	459,573	298,513
	<hr/>	<hr/>
	9,244,208	9,438,534
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RYOBI TECHNOLOGIES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

9. AMOUNTS OWED TO GROUP COMPANIES

	2006 £	2005 £
Loans payable to parent company	-	2,774,635
Amounts owed to group undertakings	3,823,534	14,005,599
	<u>3,823,534</u>	<u>16,780,234</u>

The loans payable to the parent company of \$2,604,554 and £1,277,952 have been converted to capital contributions in 2006. The loan expressed in US\$ was converted to £1,369,807.

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2006 £	2005 £
Taxation and social security	2,010,397	911,950
Accruals and deferred income	2,419,211	2,345,507
	<u>4,429,608</u>	<u>3,257,457</u>

11. CALLED-UP SHARE CAPITAL

Authorised, allotted, issued and fully paid	2006 £	2005 £
4,000,000 Ordinary shares of £1 each	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

12. CAPITAL CONTRIBUTIONS

	2006 £	2005 £
Conversion of loan from Immediate Parent Company	2,627,858	-
Conversion of pre-existing loans from Ultimate Parent Company	2,647,772	-
Conversion of Trade Payables to Ultimate Parent Company	1,381,016	-
	<u>6,656,646</u>	<u>-</u>

The loan from the Immediate Parent Company (One World Technologies Sarl), is expressed in Euros and is in the amount of Euro 3,900,000 and it is converted in local currency (GBP) at year end rate.

RYOBI TECHNOLOGIES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

13. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUND/(DEFICIT) AND STATEMENT OF MOVEMENTS ON RESERVES

	Called up share capital £	Capital Contribution £	Profit and Loss account £	2006 Total £	2005 Total £
At beginning of year	4,000,000	-	(6,359,452)	(2,359,452)	(1,563,333)
Contribution from parent company	-	6,656,646	-	6,656,646	-
Retained loss for year	-	-	(610,604)	(610,604)	(796,119)
At end of year	<u>4,000,000</u>	<u>6,656,646</u>	<u>(6,970,056)</u>	<u>3,686,590</u>	<u>(2,359,452)</u>

14. OPERATING LEASE COMMITMENTS

At 31 December 2006, the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2006 £	Other 2006 £	Land and buildings 2005 £	Other 2005 £
Leases which expire				
Within one year	-	17,913	-	-
Within two to five years	159,718	34,283	52,600	-
After five years	-	-	-	54,397
	<u>159,718</u>	<u>52,196</u>	<u>52,600</u>	<u>54,397</u>

15. FINANCIAL COMMITMENTS

The company has a letter of guarantee of £300,000 in favour of H M Customs & Excise in respect of import duties

At the year end, there were outstanding bills of exchange totalling US\$ 5,869,685 (2005 \$18,254,704) and £43,601 (2005 £40,080)

The group has contracted to purchase \$32,550,000 (2005 \$5,900,000) at various rates in the period January to December 2007 to meet expected liabilities for the purchase of supplies in the normal course of business

16. PENSION SCHEME

The company makes contributions to a group personal pension scheme on behalf of employees. The scheme assets are held in separate trustee administered funds. Additional contributions are made to individual personal pension plans for employees who elect not to be within the company scheme. Contributions made to the scheme during the year amounted to £99,383 (2005 £96,949). £71,526 (2005 £45,654) is included in creditors, in respect of unpaid contributions.

RYOBI TECHNOLOGIES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from the requirement to disclose related party transactions within the group

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors consider that One World Technologies Sarl, a company incorporated in Luxemburg, is the immediate parent company and that Techtronic Industries Co Ltd is the ultimate parent and controlling party

Techtronic Industries Co Ltd is the only group to consolidate the results of the company

Accounts of the ultimate parent company can be obtained from 24/F , CDW Bldg , 388 Castle Peak Road, Tsuen Wan, NT , Hong Kong