



Techtronic Industries



Interim Report 2011



MILWAUKEE® M12™ Lithium ion Cordless Power Tool System



AEG® 12 volt Lithium ion Cordless Multi Tool System



HOMELITE® Petrol Powered Chainsaw



RYOBI® New Generation 18 volt ONE+ System® Lithium ion Cordless Power Tool Range



MILWAUKEE® M18™ Lithium ion Cordless Power Tool System



HOOVER® MaxExtract® Carpet Washer



AEG® 12, 14.4, 18 volt Lithium ion Cordless Power Tool Ranges



RYOBI® 36 volt Lithium ion Cordless Lawn Mower



MILWAUKEE® The Ax™ Wood Cutting SAWZALL® Blades



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TTI is a world-class leader in Power Tools, Outdoor Power Equipment, and Floor Care for consumers, professionals, and industrial users in the home improvement, repair and construction industries.

Our powerful brands are recognized worldwide for their heritage, quality and performance. Through our commitment to innovation and strong customer partnerships, we consistently deliver new products which enhance customer satisfaction and productivity. This provides TTI with a platform for sustainable leadership and strong growth.

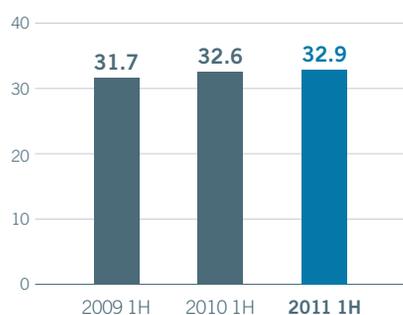
Founded in 1985 in Hong Kong, TTI has worldwide staff spreading across 6 continents. TTI is listed on the Stock Exchange of Hong Kong and in 2010 had worldwide sales of US\$3.38 billion.

Financial Highlights

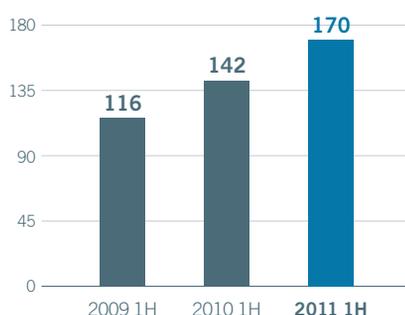
- **Record sales for the period with 11.0% growth**
- **Record profit for the period with 72.8% growth**
- **Continuous gross margin improvement**
- **Strong gains from all businesses fueled by new products**

	2011 US\$m	2010 US\$m	Changes %
Turnover	1,784	1,607	+11.0%
EBITDA	170	142	+19.9%
EBIT	115	85	+34.8%
Profit attributable to Owners of the Company	80	46	+72.8%
EPS (US cents)	5.00	2.92	+71.2%
Interim dividend per share (approx. US cent)	0.64	0.48	+33.3%

Gross Margin
%



EBITDA
US\$m



Basic Earnings per Share
US cents



Management's Discussion and Analysis

New products are the engine of TTI's growth. We are excited about our range of new cordless lithium ion products and accessories. We are driving TTI's expansion into both core and underrepresented markets. Our value engineering, lean manufacturing, and supply chain efficiency programs are delivering productivity and margin improvements.

Record Profit

TTI recorded US\$80 million in net profit attributable to shareholders, a 72.8% increase in the first half of 2011. Total Group sales in the first half were US\$1.78 billion, an increase of 11.0% over the same period in 2010. This growth was achieved through new product introductions across all businesses and significant expansion in industrial tools and accessories. Our new product vitality rate continued at approximately one third of sales. Basic earnings per share improved to US\$5.00 cents, an increase of 71.2% compared to the same period last year.

The Power Equipment business delivered a robust 11.3% growth in sales led by our MILWAUKEE®, RYOBI®, and AEG® brands. Our North American business achieved high single-digit growth, while the rest of world business grew double-digit. The Floor Care and Appliances business grew sales by 10.4%, led by the continuation of product innovation under the HOOVER®, DIRT DEVIL® and VAX® brands.

Operational Efficiencies Deliver Margin Improvements

Our gross margin increased to 32.9% from 32.6% in the first half of 2010. Accelerated productivity improvements were generated through value engineering, lean manufacturing, and supply chain efficiency programs to help offset inflationary pressures. SG&A expenses improved from 26.8% of sales in the first half of last year to 26.6%, while we continued investing in advertising and promotion to support new product introductions and strategic brand building initiatives.

The Company continues to manage working capital prudently to maintain financial flexibility and fund growth. In the first half, working capital as a percentage of sales improved to 20.1% compared to 21.2% for the same period last year.

Business Review

Power Equipment Business Review

The Power Equipment business which includes power tools, outdoor products, and accessories, delivered US\$1.3 billion in sales, 11.3% higher than the first half of 2010. The business accounted for 72.6% of sales.

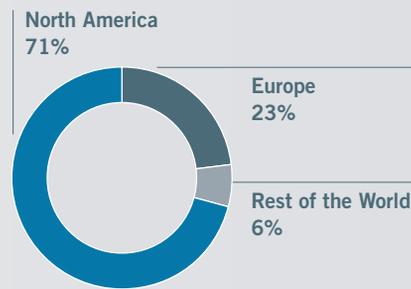
Industrial

Milwaukee recorded double-digit sales growth, significantly outperforming the market through new cordless lithium ion product introductions and intensive end-user marketing initiatives. Our focused delivery of innovative trade specific applications to professional users through the MILWAUKEE® M12™ and M18™ cordless lithium ion systems continues to drive gains globally. The introduction of Milwaukee's latest generation of lithium ion technology, RED LITHIUM™, was extremely well received by the industry. Successful entry into the Hand Tools market gained traction and underscores the opportunities for further expansion. MILWAUKEE® Power Tool Accessories delivered double-digit growth as the launch of SHOCKWAVE™ drilling and fastening accessories, and new wood SAWZALL® blades with NAIL GUARD™ technology boosted sales.

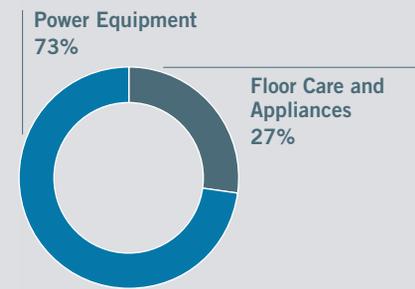
Consumer, Trade and Professional

All key regions achieved sales growth. A strong flow of new products contributed to further expansion of the leading RYOBI® and AEG® product platforms. The North American growth was driven by the continuing flow of innovative cordless products which deliver great value for the end-users. The JobMax™ Multi-tool system and core product expansions of the highly successful RYOBI® 18 volt ONE+ System® were key contributors. Comprehensive cost improvement programs across our operations and product lines had a positive impact during the period.

Sales by Region



Sales by Segment



In Europe and Australia, the launch of the innovative new RYOBI® hyper-green products and key customer additions in the first half delivered strong growth. Our ability to offer products that satisfy a wide range of customer needs and price points, supported by dedicated marketing programs, is driving our aggressive expansion outside of North America.

Outdoor Products & Accessories

In North America, our innovation in cordless lithium ion outdoor products helped TTI outperform an industry which was impacted by poor weather. Strong adoption of RYOBI® 18 volt ONE+ System®, the introduction of a 24 volt cordless lithium ion platform, as well as further expansion of trimmer attachments, HOMELITE® electric handheld products, and accessories all drove sales gains.

Our European business benefited from the introduction of a full range of RYOBI® 36 volt lithium ion products, further establishing TTI as a leader in cordless innovation. In Australia, sales grew double-digit as we captured market share in both core and new categories. The RYOBI® 18 volt ONE+ System® lithium ion outdoor products and the new RYOBI® 25.4cc petrol products were strong performers.

Floor Care and Appliances Business Review

The Floor Care business reported a 10.4% sales increase over the prior year first half to US\$489 million, accounting for 27.4% of total TTI sales.

In North America further market share gains by our iconic HOOVER® brand and new product introductions under DIRT DEVIL® contributed to solid sales growth. Sales drivers were the HOOVER® WindTunnel® T-Series™ Upright vacuum line

and MaxExtract® carpet washers featuring patented Spin Scrub® cleaning. The DIRT DEVIL® brand expanded its product line with its GATOR® Hand Vac Series and canister vacuums and successfully diversified into the outdoor cleaning category with a unique line of electric pressure washers supported by cleaning solutions and accessories.

Europe delivered strong sales growth, primarily driven by the VAX® brand and regional penetration gains. VAX® launched new multi-cyclonic lightweight vacuum cleaners under the Mach Air® series, ultra quiet multi-cyclonic canisters under the Mach Zen® series, and delivered strong growth in carpet cleaners that increased market share.

Outlook

Although the economic environment remains challenging, we enter the second half with strong momentum across our businesses and are firmly positioned to build on the positive first half results. We are excited about the comprehensive range of new cordless lithium ion products and innovative accessories that will be launched. Product innovation, improved technology and more efficient operations are driving TTI's expansion into both core and underrepresented markets. TTI has demonstrated that its strength in powerful brands and innovative products consistently deliver organic growth even in the midst of global uncertainty.

TTI's position is exceptional in its core markets with steady gains being made in other targeted geographic regions. R&D, cost improvement and supply chain efficiency programs are delivering results that will benefit the Group going forward. This ongoing progress is guided by our experienced and focused management team.

New products represent

+30%

of sales

Net gearing improved to

66.1%

(2010 1H – 78.6%)

Financial Review

Financial Results

Turnover for the period under review amounted to US\$1,784 million, 11.0% higher than the US\$1,607 million reported for the same period last year. Profit attributable to Owners of the Company amounted to US\$80 million as compared to US\$46 million reported last year, an increase of 72.8%. Basic earnings per share was at US5.00 cents (2010: US2.92 cents).

EBITDA amounted to US\$170 million, an increase of 19.9% as compared to the US\$142 million reported in the same period last year.

EBIT amounted to US\$115 million, an increase of 34.8% as compared to the US\$85 million reported in the same period last year.

Result Analysis

Gross Margin

Gross margin improved to 32.9% as compared to 32.6% in the same period last year. The margin gain was the result of new product introductions, favorable product mix with higher margin products, efficient production in the new PRC facilities, effective supply chain management and improved economies of scale.

Operating Expenses

Total operating expenses for the period amounted to US\$474 million as compared to US\$431 million reported for the same period last year, representing 26.6% of turnover (2010: 26.8%). The Group continued to control non-strategic SG&A expenses and reinvested into strategic SG&A as planned.

Investment in product design and development amounted to US\$31 million (2010: US\$37 million), representing 1.8% of turnover (2010: 2.3%) reflecting efficiency improvements from the consolidated and effectively structured R&D resources.

Net interest expense for the period amounted to US\$28 million as compared to US\$37 million reported for the same period last year. Interest cover, expressed as a multiple of EBITDA to total interest was at 5.9 times (2010: 3.7 times).

Effective tax rate for the period was at 8.0% (2010: 3.0%).

The Group will continue to leverage its global operations to further improve overall tax efficiencies.

Strategic Roadmap

Our drivers of Powerful Brands, Innovative Products, Exceptional People, and Operational Excellence are the core strengths of TTI. They enable us to achieve our strategic goals, maximizing returns.



Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to US\$1.2 billion, as compared to US\$1.1 billion at December 31, 2010, an increase of 7.5%. Book value per share was US\$0.75 as compared to US\$0.69 at December 31, 2010, an increase of 8.7%.

Financial Position

The Group's net gearing, expressed as a percentage of total net borrowings (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, improved to 66.1% as compared to 78.6% as at June 30, 2010. The Group remains confident that gearing will improve further after the successful implementation of key initiatives to deliver focused and stringent working capital management.

Bank Borrowings

Long term borrowings accounted for 32.1% of total debts (44.8% at December 31, 2010).

The Group's major borrowings continued to be in US Dollars and HK Dollars. Other than the fixed rate notes and the 5-year 8.5% Coupon Convertible Bonds, 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 exposure, and cash management functions are all being closely monitored and managed by the Group's treasury team.

During the period, the Group repaid US\$5.6 million of fixed interest rate notes, refinanced by a new syndicated loan obtained in February 2011. This refinancing arrangement will lower our interest cost in future periods.

Financial Review (continued)

Working Capital

Total inventory was at US\$801 million as compared to US\$734 million for the same period last year. The number of days inventory was at 82 days as compared to 83 days as at June 30, 2010. When compared to the year end level, inventory at the end of the first half of the year is normally higher in preparation for the peak shipment period in the second half of the year.

Trade receivables turnover days were at 68 days as compared to 73 days as at June 30, 2010. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 61 days as compared to 65 days as at June 30, 2010. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days were 70 days (52 days at December 31, 2010).

The Group's current ratio decreased from 1.34 times to 1.21 times and the quick ratio also decreased from 0.89 as at December 31, 2010 to 0.77. The decline was mainly due to the reclassification of convertible bonds from long term to current (refer to note 13 to the financial statements for details). Excluding the reclassification of convertible bonds, the current ratio and quick ratio was 1.31 and 0.83 respectively.

Working capital as a percentage of sales was at 20.1% as compared to 21.2% for the same period last year.

Capital Expenditure

Total capital expenditure for the period amounted to US\$44 million (2010: US\$47 million).

Capital Commitment and Contingent Liability

As at June 30, 2011, total capital commitments amounted to US\$10 million (2010: US\$9 million), and there were no material contingent liabilities or off balance sheet obligations.

Charges

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

Human Resources

The Group employed a total of 19,360 employees (2010: 20,154 employees) in Hong Kong and overseas. Total staff cost for the period under review amounted to US\$241 million as compared to US\$217 million in the same period last year.

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improve 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, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

Interim Dividend

The Directors have resolved to declare an interim dividend of HK5.00 cents (approximately US0.64 cent) (2010: HK3.75 cents (approximately US0.48 cent)) per share for the six month period ended June 30, 2011. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 16, 2011. It is expected that the interim dividend will be paid on or about September 29, 2011.

Closure of Register of Members

The register of members of the Company will be closed from September 15, 2011 to September 16, 2011, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on September 14, 2011.

Report on Review of Interim Financial Information



To the Board of Directors of
Techtronic Industries Company Limited

Introduction

We have reviewed the interim financial information set out on pages 9 to 20 which comprise the condensed consolidated statement of financial position of Techtronic Industries Company Limited as of June 30, 2011 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong

August 18, 2011

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended June 30, 2011

	Notes	2011 US\$'000 (Unaudited)	2010 US\$'000 (Unaudited)
Turnover	3	1,783,909	1,607,028
Cost of sales		(1,197,565)	(1,082,664)
Gross profit		586,344	524,364
Other income		2,760	11,009
Interest income		1,793	970
Selling, distribution, advertising and warranty expenses		(242,411)	(211,913)
Administrative expenses		(199,964)	(182,448)
Research and development costs		(31,257)	(36,913)
Finance costs		(29,298)	(38,223)
Profit before restructuring costs, share of results of associates and taxation		87,967	66,846
Restructuring costs	4	—	(18,420)
Share of results of associates		(273)	(53)
Profit before taxation		87,694	48,373
Taxation charge	5	(7,024)	(1,458)
Profit for the period	6	80,670	46,915
Other comprehensive income			
Exchange differences on translation of foreign operations and other comprehensive income (loss) for the period		15,685	(19,808)
Total comprehensive income for the period		96,355	27,107
Profit for the period attributable to:			
Owners of the Company		80,259	46,454
Non-controlling interests		411	461
		80,670	46,915
Total comprehensive income attributable to:			
Owners of the Company		95,909	26,650
Non-controlling interests		446	457
		96,355	27,107
Earnings per share (US cents)	8		
Basic		5.00	2.92
Diluted		4.79	2.90

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2011

	Notes	June 30 2011 US\$'000 (Unaudited)	December 31 2010 US\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9 & 16	354,340	339,437
Lease prepayments		36,179	35,475
Goodwill		532,888	529,884
Intangible assets	9	356,775	353,431
Interests in associates		24,259	24,062
Available-for-sale investments		1,272	1,267
Deferred tax assets		78,880	68,527
		1,384,593	1,352,083
Current assets			
Inventories		800,827	644,510
Trade and other receivables	10	712,559	617,988
Deposits and prepayments		78,191	66,915
Bills receivable	10	29,597	38,875
Tax recoverable		12,080	10,995
Trade receivables from an associate		202	38
Derivative financial instruments		6,838	10,883
Held-for-trading investments		9,994	10,732
Bank balances, deposits and cash		524,583	512,893
		2,174,871	1,913,829
Current liabilities			
Trade and other payables	11	678,684	483,265
Bills payable	11	47,534	55,207
Warranty provision		47,709	47,702
Trade payables to an associate		3,620	4,127
Tax payable		20,068	7,578
Derivative financial instruments		13,322	4,949
Restructuring provision		10,414	22,981
Dividend payable		12,905	—
Obligations under finance leases - due within one year		2,667	2,963
Discounted bills with recourse		550,254	411,095
Unsecured borrowings - due within one year	12	252,062	361,055
Convertible bonds	13	130,442	—
Bank overdrafts		26,248	22,350
		1,795,929	1,423,272
Net current assets		378,942	490,557
Total assets less current liabilities		1,763,535	1,842,640

	Notes	June 30 2011 US\$'000 (Unaudited)	December 31 2010 US\$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	14	20,603	20,598
Reserves		1,178,058	1,094,161
Equity attributable to owners of the Company		1,198,661	1,114,759
Non-controlling interests		15,394	14,948
Total equity		1,214,055	1,129,707
NON-CURRENT LIABILITIES			
Obligations under finance leases - due after one year		4,709	5,714
Unsecured borrowings - due after one year	12	422,516	466,358
Convertible bonds	13	—	127,225
Retirement benefit obligations		95,259	90,694
Deferred tax liabilities		26,996	22,942
		549,480	712,933
Total equity and non-current liabilities		1,763,535	1,842,640

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months period ended June 30, 2011

	Attributable to owners of the Company								Attributable to non-controlling interests		Total US\$'000
	Share capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Convertible bonds equity reserve US\$'000	Warrant reserve US\$'000	Translation reserve US\$'000	Employee share-based compensation reserve US\$'000	Retained profits US\$'000	Total US\$'000	Share of net assets of subsidiaries US\$'000	
At January 1, 2010 (audited)	20,401	446,078	56	8,833	13,942	(10,581)	6,174	551,246	1,036,149	14,078	1,050,227
Profit for the period	—	—	—	—	—	—	—	46,454	46,454	461	46,915
Exchange differences on translation of foreign operations and other comprehensive income for the period	—	—	—	—	—	(19,805)	—	—	(19,805)	(3)	(19,808)
Total comprehensive income for the period	—	—	—	—	—	(19,805)	—	46,454	26,649	458	27,107
Shares issued at premium on exercise of warrants	191	13,272	—	—	(3,717)	—	—	—	9,746	—	9,746
Repurchase of warrants	—	—	—	—	(9,828)	—	—	(2,770)	(12,598)	—	(12,598)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	1,180	—	1,180	—	1,180
Lapse of share options	—	—	—	—	—	—	(702)	702	—	—	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(496)	(496)	—	(496)
Final dividend – 2009	—	—	—	—	—	—	—	(9,266)	(9,266)	—	(9,266)
At June 30, 2010 (unaudited)	20,592	459,350	56	8,833	397	(30,386)	6,652	585,870	1,051,364	14,536	1,065,900
Profit for the period	—	—	—	—	—	—	—	48,436	48,436	410	48,846
Exchange differences on translation of foreign operations and other comprehensive income for the period	—	—	—	—	—	21,685	—	—	21,685	2	21,687
Total comprehensive income for the period	—	—	—	—	—	21,685	—	48,436	70,121	412	70,533
Shares issued at premium on exercise of options	6	516	—	—	—	—	(92)	—	430	—	430
Repurchase of warrants	—	—	—	—	(397)	—	—	(62)	(459)	—	(459)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	1,025	—	1,025	—	1,025
Lapse of share options	—	—	—	—	—	—	(134)	134	—	—	—
Interim dividend – 2010	—	—	—	—	—	—	—	(7,722)	(7,722)	—	(7,722)
At December 31, 2010 and January 1, 2011 (audited)	20,598	459,866	56	8,833	—	(8,701)	7,451	626,656	1,114,759	14,948	1,129,707
Profit for the period	—	—	—	—	—	—	—	80,259	80,259	411	80,670
Exchange differences on translation of foreign operations and other comprehensive income for the period	—	—	—	—	—	15,650	—	—	15,650	35	15,685
Total comprehensive income for the period	—	—	—	—	—	15,650	—	80,259	95,909	446	96,355
Shares issued at premium on exercise of options	5	437	—	—	—	—	(81)	—	361	—	361
Recognition of equity-settled share-based payments	—	—	—	—	—	—	539	—	539	—	539
Lapse of share options	—	—	—	—	—	—	(1,108)	1,108	—	—	—
Final dividend – 2010	—	—	—	—	—	—	—	(12,907)	(12,907)	—	(12,907)
At June 30, 2011 (unaudited)	20,603	460,303	56	8,833	—	6,949	6,801	695,116	1,198,661	15,394	1,214,055

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months period ended June 30, 2011

	June 30 2011 US\$'000 (Unaudited)	June 30 2010 US\$'000 (Unaudited)
Net cash from (used in) operating activities	126,789	(27,826)
Net cash used in investing activities	(65,412)	(70,053)
Net cash (used in) from financing activities	(64,466)	266,627
Net (decrease) increase in cash and cash equivalents	(3,089)	168,748
Cash and cash equivalents at January 1	490,543	398,461
Effect of foreign exchange rate changes	10,881	(11,526)
Cash and cash equivalents at June 30	498,335	555,683
Analysis of the balances of cash and cash equivalents Represented by:		
Bank balances, deposits and cash	524,583	574,892
Bank overdrafts	(26,248)	(19,209)
	498,335	555,683

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Basis of preparation and accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The functional currency of the Company is United States dollars. The presentation currency has been changed from Hong Kong Dollars to United States Dollars in 2011 so as to be consistent with the functional currency of the Company.

2. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

The accounting policies and method of computations used in the condensed consolidated financial statements for the six months ended June 30, 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2010, except as described below.

In the current interim period, the Group has applied for the first time, a number of new standards, amendments and interpretations (“new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for accounting periods beginning on January 1, 2011.

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended December 31, 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosures of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (as revised in 2011)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹

¹ Effective for annual periods beginning on or after January 1, 2013

² Effective for annual periods beginning on or after July 1, 2012

2. Significant accounting policies (continued)

The above five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending December 31, 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees and consolidating investees that were not previously consolidated.

Other than disclosed above, the directors of the Company anticipate that the application of these new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

The following is an analysis of the Group's revenue and results by reportable and operating segment for the period under review:

For the period ended June 30, 2011

	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Eliminations US\$'000	Consolidated US\$'000
Turnover				
External sales	1,294,529	489,380	—	1,783,909
Inter-segment sales	10,710	1,811	(12,521)	—
Total segment turnover	1,305,239	491,191	(12,521)	1,783,909

For the period ended June 30, 2010

	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Eliminations US\$'000	Consolidated US\$'000
Turnover				
External sales	1,163,560	443,468	—	1,607,028
Inter-segment sales	9,055	2,079	(11,134)	—
Total segment turnover	1,172,615	445,547	(11,134)	1,607,028

Inter-segment sales are charged at prevailing market rates.

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Segment information (continued)

	Six months period ended June 30					
	Power Equipment US\$'000	2011 Floor Care and Appliances US\$'000	Consolidated US\$'000	Power Equipment US\$'000	2010 Floor Care and Appliances US\$'000	Consolidated US\$'000
Segment results before restructuring costs	89,803	27,462	117,265	79,885	25,184	105,069
Restructuring costs	—	—	—	(18,420)	—	(18,420)
Segments results	89,803	27,462	117,265	61,465	25,184	86,649
Finance costs			(29,298)			(38,223)
Share of results of associates			(273)			(53)
Profit before taxation			87,694			48,373
Taxation charge			(7,024)			(1,458)
Profit for the period			80,670			46,915

Segment profit represents the profit earned by each segment without allocation of share of results of associates and finance costs. This is the measure reported to the Group's Chief Executive Officer, the chief operating decision maker ("CODM") of the Group, for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets by reportable and operating segment reported to the CODM of the Group:

	June 30 2011 US\$'000	December 31 2010 US\$'000
Power Equipment	2,284,584	2,064,615
Floor Care and Appliances	628,240	573,937
	2,912,824	2,638,552

4. Restructuring costs

Restructuring costs in 2010 represent the Group's accrued labor and staff costs related to the relocation of production from Germany to lower cost locations.

5. Taxation charge

	Six months period ended June 30	
	2011 US\$'000	2010 US\$'000
Current tax:		
Hong Kong	700	8,390
Overseas Tax	12,679	1,213
Deferred Tax	(6,355)	(8,145)
	7,024	1,458

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the period.

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

6. Profit for the period

	Six months period ended June 30	
	2011 US\$'000	2010 US\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortization of property, plant and equipment	34,866	33,664
Amortization of lease prepayment	159	154
Amortization of intangible assets	20,237	22,866
Total depreciation and amortization	55,262	56,684
Exchange (gain) loss	(10,082)	5,908
Staff costs	240,678	216,954
Fair value loss (gain) on held-for-trading investments	762	(6,491)

7. Dividends

A dividend of HK6.25 cents (approximately US0.80 cent) per share (2010: HK4.50 cents (approximately US0.58 cent) per share) was paid to shareholders as the final dividend for 2010 on July 8, 2011.

The Directors have determined that an interim dividend of HK5.00 cents (approximately US0.64 cent) per share (2010: HK3.75 cents (approximately US0.48 cent) per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on September 16, 2011.

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

8. Earnings per share

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

	Six months period ended June 30	
	2011 US\$'000	2010 US\$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	80,259	46,454
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds (net of tax)	7,772	—
Earnings for the purpose of diluted earnings per share	88,031	46,454
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,606,738,752	1,593,457,068
Effect of dilutive potential ordinary shares:		
Share options	6,617,803	337,629
Convertible bonds	223,557,000	—
Warrants	—	7,218,116
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,836,913,555	1,601,012,813

The computation of diluted earnings per share for the six months ended June 30, 2011 does not assume the exercise of the Company's certain outstanding share options if the exercise price of these options is higher than the average market price for shares.

The computation of diluted earnings per share for the six months ended June 30, 2010 does not assume the conversion of the Company's convertible bonds since their exercise would result in an increase in earnings per share and does not assume the exercise of the Company's certain outstanding share options if the exercise price of these options is higher than the average market price for shares.

9. Additions to property, plant and equipment/intangible assets

During the period, the Group spent approximately US\$44 million (for the six months ended June 30, 2010: US\$47 million) and US\$23 million (for the six months ended June 30, 2010: US\$23 million) on the acquisition of property, plant and equipment and intangible assets respectively.

10. Trade and other receivables/Bills receivable

The Group has a policy of allowing credit periods ranging from 60 days to 120 days. The aging analysis of trade receivables based on the invoice date is as follows:

	June 30 2011 US\$'000	December 31 2010 US\$'000
0 to 60 days	631,818	547,718
61 to 120 days	13,676	16,212
121 days or above	18,864	16,032
Total trade receivables	664,358	579,962
Other receivables	48,201	38,026
	712,559	617,988

All the Group's bills receivable at June 30, 2011 are due within 120 days.

11. Trade and other payables/Bills payable

The aging analysis of trade payables based on the invoice date is as follows:

	June 30 2011 US\$'000	December 31 2010 US\$'000
0 to 60 days	340,107	216,963
61 to 120 days	99,973	52,300
121 days or above	7,084	7,655
Total trade payables	447,164	276,918
Other payables	231,520	206,347
	678,684	483,265

All the Group's bills payable at June 30, 2011 are due within 120 days.

12. Unsecured borrowings

During the period, the Group obtained new bank borrowings in the amount of US\$161 million (2010: US\$392 million) which are either London Interbank Offered Rate ("LIBOR") or Hong Kong best lending rates based. The Group repaid the existing bank borrowings in the amount of US\$336 million (2010: US\$258 million).

13. Convertible bonds

In 2009, the Group issued two tranches of 5-year 8.5% coupon convertible bonds with an aggregate principal amount of US\$150,000,000 ("Convertible Bonds 2014"). Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds 2014 will be redeemed at their principal amount on the maturity date on April 30, 2014.

At the option of the Convertible Bond 2014's holders, on April 30, 2012, the holders may redeem Convertible Bond 2014 at the principal amount plus accrued interest to the date of redemption. Accordingly, the Convertible Bond 2014 is classified as current liabilities as of June 30, 2011.

The weighted average effective interest rate of Convertible Bond 2014 is 15.57%.

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

14. Share capital

	Number of shares		Share capital	
	June 30 2011	December 31 2010	June 30 2011 US\$'000	December 31 2010 US\$'000
Ordinary shares of HK\$0.10 each				
Authorized	2,400,000,000	2,400,000,000	30,769	30,769
Issued and fully paid:				
At the beginning of the period	1,606,625,752	1,591,252,152	20,598	20,401
Issue of shares upon exercise of warrants	—	14,903,600	—	191
Issue of shares upon exercise of share options	390,000	470,000	5	6
At the end of the period	1,607,015,752	1,606,625,752	20,603	20,598

15. Contingent liabilities

	June 30 2011 US\$'000	December 31 2010 US\$'000
Guarantees given to banks in respect of credit facilities utilised by associates	11,066	9,379

16. Capital commitments

	June 30 2011 US\$'000	December 31 2010 US\$'000
Capital expenditure in respect of the purchase of property, plant and equipment:		
Contracted for but not provided	7,597	12,984
Authorized but not contracted for	2,582	842

Corporate Governance and Other Information

Directors' and Chief Executive's Interests

As at June 30, 2011, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") and as adopted by the Company, were as follows:

Name of directors	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) ⁽¹⁾	Interests in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	145,361,000	1,200,000	400,480,794	24.92%
	Interests of spouse	760,000	—		
	Interests of controlled corporation	253,159,794 ⁽²⁾	—		
Prof Roy Chi Ping Chung BBS JP	Beneficial owner	56,405,948	600,000	94,216,978	5.86%
	Interests of spouse	136,000	—		
	Interests of controlled corporation	37,075,030 ⁽³⁾	—		
Mr Joseph Galli Jr	Beneficial owner	814,500	3,500,000	4,314,500	0.27%
Mr Kin Wah Chan	Beneficial owner	—	1,000,000	1,000,000	0.06%
Mr Chi Chung Chan	Beneficial owner	—	1,000,000	1,000,000	0.06%
Mr Stephan Horst Pudwill	Beneficial owner	4,509,500	1,000,000	5,509,500	0.34%
Mr Vincent Ting Kau Cheung	Beneficial owner	1,920,000	600,000	2,520,000	0.16%
Mr Joel Arthur Schleicher	Beneficial owner	100,000	600,000	760,000	0.05%
	Interests of spouse	—	60,000 ⁽¹⁾		
Mr Christopher Patrick Langley OBE	Beneficial owner	500,000	600,000	1,100,000	0.07%
Mr Manfred Kuhlmann	Beneficial owner	—	600,000	600,000	0.04%
Mr Peter David Sullivan	Beneficial owner	—	600,000	600,000	0.04%

Notes:

(1) Interests in shares and underlying shares stated above represent long positions of the Company.

The interests of the directors of the Company in the underlying shares pursuant to equity derivatives, which were held as beneficial owner, represent share options granted to them respectively pursuant to the share option schemes adopted by the Company, details of which are separately disclosed in the section headed "Share Options" below. These share options are physically settled and unlisted.

The interests of the spouse of Mr Joel Arthur Schleicher in the underlying shares pursuant to listed equity derivatives represent an interest in 60,000 underlying shares held in the form of 12,000 American Depositary Receipts, each representing 5 shares of the Company.

(2) These shares were held by the following companies in which Mr Horst Julius Pudwill has a beneficial interest:

	No. of shares
Sunning Inc.	216,084,764
Cordless Industries Company Limited *	37,075,030
	253,159,794

(3) These shares were held by Cordless Industries Company Limited* in which Prof Roy Chi Ping Chung BBS JP has a beneficial interest.

* Cordless Industries Company Limited is owned as to 70% by Mr Horst Julius Pudwill and as to 30% by Prof Roy Chi Ping Chung BBS JP.

Save as disclosed above, none of the directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at June 30, 2011.

Corporate Governance and Other Information

Share Options

The following table discloses movements in the Company's share options during the six months period ended June 30, 2011:

Share option holders	Date of share options granted	Share option scheme category ⁽¹⁾	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Directors									
Mr Horst Julius Pudwill	16.11.2009	D	600,000	—	—	—	600,000	6.770	16.11.2009 - 15.11.2019
	26.11.2010	D	600,000	—	—	—	600,000	8.310	26.11.2010 - 25.11.2020
Prof Roy Chi Ping Chung	16.11.2009	D	600,000	—	—	—	600,000	6.770	16.11.2009 - 15.11.2019
BBS JP									
Mr Joseph Galli Jr	1.11.2006	C	1,500,000	—	—	—	1,500,000	11.252	1.11.2006 - 31.10.2011
	6.3.2007	C	1,000,000	—	—	—	1,000,000	10.572	6.3.2007 - 5.3.2012
	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Kin Wah Chan	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Chi Chung Chan	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Stephan Horst Pudwill	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Vincent Ting Kau	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
Cheung	23.5.2011	D	—	200,000	—	—	200,000	9.872	23.5.2011 - 22.5.2021
Mr Joel Arthur Schleicher	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
	23.5.2011	D	—	200,000	—	—	200,000	9.872	23.5.2011 - 22.5.2021
Mr Christopher Patrick	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
Langley OBE	23.5.2011	D	—	200,000	—	—	200,000	9.872	23.5.2011 - 22.5.2021
Mr Manfred Kuhlmann	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
	23.5.2011	D	—	200,000	—	—	200,000	9.872	23.5.2011 - 22.5.2021
Mr Peter David Sullivan	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
	23.5.2011	D	—	200,000	—	—	200,000	9.872	23.5.2011 - 22.5.2021
Total for directors			10,300,000	1,000,000	—	—	11,300,000		

Share option holders	Date of share options granted	Share option scheme category ⁽¹⁾	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Employees	1.1.2006	C	50,000	—	—	(50,000)	—	18.690	1.1.2006 - 31.12.2010
	1.3.2006	C	1,884,000	—	—	(1,884,000)	—	13.970	1.3.2006 - 28.2.2011
	15.6.2006	C	200,000	—	—	(200,000)	—	10.270	15.6.2006 - 14.6.2011
	17.6.2006	C	350,000	—	—	(350,000)	—	10.550	17.6.2006 - 16.6.2011
	4.10.2006	C	75,000	—	—	—	75,000	11.628	4.10.2006 - 3.10.2011
	8.11.2006	C	30,000	—	—	—	30,000	12.200	8.11.2006 - 7.11.2011
	4.12.2006	C	150,000	—	—	—	150,000	10.952	4.12.2006 - 3.12.2011
	13.12.2006	C	20,000	—	—	—	20,000	10.560	13.12.2006 - 12.12.2011
	1.1.2007	C	150,000	—	—	—	150,000	10.080	1.1.2007 - 31.12.2011
	6.3.2007	C	4,325,000	—	—	—	4,325,000	10.572	6.3.2007 - 5.3.2012
	20.7.2007	D	200,000	—	—	—	200,000	10.060	20.7.2007 - 19.7.2017
	24.8.2007	D	2,060,000	—	—	—	2,060,000	8.390	24.8.2007 - 23.8.2017
	16.10.2007	D	75,000	—	—	—	75,000	8.810	16.10.2007 - 15.10.2017
	7.11.2007	D	40,000	—	—	—	40,000	8.088	7.11.2007 - 6.11.2017
	23.11.2007	D	500,000	—	—	—	500,000	7.578	23.11.2007 - 22.11.2017
	14.1.2008	D	1,020,000	—	(50,000)	—	970,000	7.566	14.1.2008 - 13.1.2018
	17.4.2008	D	1,825,000	—	—	—	1,825,000	7.780	17.4.2008 - 16.4.2018
	14.5.2008	D	240,000	—	(200,000)	—	40,000	7.500	14.5.2008 - 13.5.2018
	30.5.2008	D	640,000	—	—	(150,000)	490,000	7.546	30.5.2008 - 29.5.2018
	1.9.2008	D	150,000	—	—	—	150,000	7.450	1.9.2008 - 31.8.2018
	11.9.2008	D	50,000	—	—	—	50,000	7.430	11.9.2008 - 10.9.2018
	2.10.2008	D	75,000	—	—	—	75,000	7.068	2.10.2008 - 1.10.2018
	1.12.2008	D	100,000	—	—	—	100,000	2.340	1.12.2008 - 30.11.2018
	16.11.2009	D	7,335,000	—	(140,000)	(50,000)	7,145,000	6.770	16.11.2009 - 15.11.2019
	7.12.2009	D	100,000	—	—	—	100,000	6.790	7.12.2009 - 6.12.2019
	21.12.2009	D	225,000	—	—	—	225,000	6.350	21.12.2009 - 20.12.2019
	28.12.2009	D	30,000	—	—	—	30,000	6.390	28.12.2009 - 27.12.2019
	13.9.2010	D	1,050,000	—	—	—	1,050,000	7.390	13.9.2010 - 12.9.2020
	17.1.2011	D	—	—	20,000	—	20,000	10.436	17.1.2011 - 16.1.2021
	Total for employees			22,949,000	20,000	(390,000)	(2,684,000)	19,895,000	
Total for all categories			33,249,000	1,020,000	(390,000)	(2,684,000)	31,195,000		

Notes:

- (1) Scheme C is the share option scheme adopted by the Company on March 28, 2002 and has expired on March 27, 2007. The Company adopted Scheme D on May 29, 2007.
- (2) No option was cancelled during the period.
- (3) The Group recognized total expense of HK\$4,197,000 for the six months period ended June 30, 2011 in relation to share options granted by the Company.

Corporate Governance and Other Information

Arrangements to Purchase Shares or Debentures

Other than as disclosed above, at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Substantial Shareholders' Interests

As at June 30, 2011, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the shares, underlying shares and debentures of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Total interests in shares (L/S/LP)*	Approximate aggregate percentage of interests
Capital Research and Management Company ⁽¹⁾	145,857,000 (L)	9.08% (L)
FMR LLC ⁽²⁾	143,763,000 (L)	8.95% (L)
JPMorgan Chase & Co. ⁽³⁾	160,444,028 (L)	9.98% (L)
	9,450,000 (S)	0.59% (S)
	135,858,028 (LP)	8.45% (LP)
Hang Seng Bank Trustee International Limited ⁽⁴⁾	96,517,000 (L)	6.01% (L)

* (L/S/LP) represents (Long position/Short position/Lending pool)

Notes:

(1) The following is a breakdown of the interests in the shares in the Company held by Capital Research and Management Company:

Name	Remarks	Total interests in shares			Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests (L/S)	
Capital Research and Management Company	(1a)	—	—	145,857,000 (L)	9.08%

Remarks:

(1a) The capacity of Capital Research and Management Company in holding the 145,857,000 shares of long position was as investment manager. Its 100% controlling shareholder is The Capital Group Companies, Inc.

(2) The following is a breakdown of the interests in the shares in the Company held by FMR LLC:

Name	Remarks	Total interests in shares			Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests (L/S)	
FMR LLC	(2a)	—	—	143,763,000 (L)	8.95%
Fidelity Management & Research Company	(2b)	—	—	117,933,500 (L)	7.34%
Fidelity Management Trust Company, Pyramis Global Advisors LLC	(2b)	—	—	25,829,500 (L)	1.61%

Remarks:

(2a) The capacity of FMR LLC in holding the 143,763,000 shares of long position was as investment manager.

(2b) Fidelity Management & Research Company and Fidelity Management Trust Company, Pyramis Global Advisors LLC were all indirect owned by FMR LLC and by virtue of the SFO, FMR LLC was deemed to be interested in the shares held by these subsidiaries.

(3) The following is a breakdown of the interests in the shares in the Company held by JPMorgan Chase & Co.:

Name	Remarks	Total interests in shares			Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests (L/S/LP)	
JPMorgan Chase & Co.	(3a)	—	—	160,444,028	(L) 9.98%
		—	—	9,450,000	(S) 0.59%
		—	—	135,858,028	(LP) 8.45%
JPMorgan Chase Bank, N.A.	(3b)	135,858,028	(L)	8,466,000	(L) 8.98%
		—	—	8,450,000	(S) 0.53%
J.P. Morgan Securities Ltd.	(3b)	7,950,000	(L)	—	— 0.49%
		7,950,000	(S)	—	— 0.49%
J.P. Morgan Chase International Holdings	(3b)	—	—	7,950,000	(L) 0.49%
		—	—	7,950,000	(S) 0.49%
J.P. Morgan Chase (UK) Holdings Limited	(3b)	—	—	7,950,000	(L) 0.49%
		—	—	7,950,000	(S) 0.49%
J.P. Morgan Capital Holdings Limited	(3b)	—	—	7,950,000	(L) 0.49%
		—	—	7,950,000	(S) 0.49%
J.P. Morgan International Finance Limited	(3b)	—	—	7,966,000	(L) 0.50%
		—	—	7,950,000	(S) 0.49%
Bank One International Holdings Corporation	(3b)	—	—	7,966,000	(L) 0.50%
		—	—	7,950,000	(S) 0.49%
J.P. Morgan International Inc.	(3b)	—	—	7,966,000	(L) 0.50%
		—	—	7,950,000	(S) 0.49%
JF Asset Management Limited	(3b)	14,015,000	(L)	—	— 0.87%
JPMorgan Asset Management (Asia) Inc.	(3b)	—	—	15,120,000	(L) 0.94%
JPMorgan Asset Management Holdings Inc.	(3b)	—	—	15,120,000	(L) 0.94%
J.P. Morgan Whitefriars Inc.	(3b)	16,000	(L)	—	— 0.00%
J.P. Morgan Overseas Capital Corporation	(3b)	—	—	16,000	(L) 0.00%
JF International Management Inc.	(3b)	1,105,000	(L)	—	— 0.07%
J.P. Morgan Markets Limited	(3b)	1,000,000	(L)	—	— 0.06%
		1,000,000	(S)	—	— 0.06%
Bear Stearns Holdings Limited	(3b)	—	—	1,000,000	(L) 0.06%
		—	—	1,000,000	(S) 0.06%
Bear Stearns UK Holdings Limited	(3b)	—	—	1,000,000	(L) 0.06%
		—	—	1,000,000	(S) 0.06%
The Bear Stearns Companies LLC	(3b)	—	—	1,000,000	(L) 0.06%
		—	—	1,000,000	(S) 0.06%
JPMorgan Chase Bank, N.A. - London Branch	(3b)	500,000	(L)	—	— 0.03%
		500,000	(S)	—	— 0.03%

Corporate Governance and Other Information

Remarks:

- (3a) JPMorgan Chase & Co. is listed on New York Stock Exchange.
The capacity of JPMorgan Chase & Co. in holding the 160,444,028 shares of long position, 9,450,000 shares of short position and 135,858,028 shares of lending pool respectively was as controlled corporation.
- (3b) JPMorgan Chase Bank, N.A., J.P. Morgan Securities Ltd., J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc., JF Asset Management Limited, JPMorgan Asset Management (Asia) Inc., JPMorgan Asset Management Holdings Inc., J.P. Morgan Whitefriars Inc., J.P. Morgan Overseas Capital Corporation, JF International Management Inc., J.P. Morgan Markets Limited, Bear Stearns Holdings Limited, Bear Stearns UK Holdings Limited, The Bear Stearns Companies LLC and JPMorgan Chase Bank, N.A. - London Branch were all direct or indirect owned by JPMorgan Chase & Co. and by virtue of the SFO, JPMorgan Chase & Co. was deemed to be interested in the shares held by these subsidiaries.
- (4) The following is a breakdown of the interests in the shares in the Company held by Hang Seng Bank Trustee International Limited:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests	(L/S)	
Hang Seng Bank Trustee International Limited	(4a)	—	—	96,517,000	(L)	6.01%
Cheah Company Limited	(4b)	—	—	96,517,000	(L)	6.01%
Cheah Capital Management Limited	(4b)	—	—	96,517,000	(L)	6.01%
Value Partners Group Limited	(4b)	—	—	96,517,000	(L)	6.01%
Value Partners Limited	(4b)	96,517,000	(L)	—	—	6.01%

Remarks:

- (4a) The capacity of Hang Seng Bank Trustee International Limited in holding the 96,517,000 shares of long position was as Trustee (other than bare trustee).
- (4b) Cheah Company Limited, Cheah Capital Management Limited, Value Partners Group Limited and Value Partners Limited were all direct or indirect owned by Hang Seng Bank Trustee International Limited and by virtue of the SFO, Hang Seng Bank Trustee International Limited was deemed to be interested in the shares held by these subsidiaries.

Save as disclosed, no other person was interested in or had a short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of the Part XV of the SFO as at June 30, 2011.

Compliance with Code on Governance Practices of the Listing Rules

The Company confirms that it has complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules throughout the six months period ended June 30, 2011, except that none of the directors were appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association of the Company.

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"). The Company has made specific enquiry of the Directors regarding any non-compliance with the Model Code during the six months period ended June 30, 2011 and all of them confirmed that they have fully complied with the required standards as set out in the Model Code. The Board has also adopted another code of conduct on terms no less onerous than the Model Code that applies to securities transactions of all relevant employees who may be in possession of unpublished price sensitive information in relation to the Company (the "Code for Securities Transactions by Relevant Employees"). Both the Model Code and the Code for Securities Transactions by Relevant Employees have been published on the Company's website (www.ttigroup.com).

Review of Accounts

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The Audit Committee has reviewed with the Company's external auditors, Deloitte Touche Tohmatsu, and the senior management of the Group this report, the accounting principles and practices adopted by the Group and the internal controls and financial reporting matters. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company, or any of its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Purchase, Sales or Redemption of Shares

Neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any listed securities of the Company.

By order of the Board

Horst Julius Pudwill

Chairman

Hong Kong

August 18, 2011

Corporate Information

Board of Directors

Group Executive Directors

Mr Horst Julius Pudwill
Chairman

Mr Joseph Galli Jr
Chief Executive Officer

Mr Patrick Kin Wah Chan
Mr Frank Chi Chung Chan
Mr Stephan Horst Pudwill

Non-executive Director

Prof Roy Chi Ping Chung BBS JP
Mr Vincent Ting Kau Cheung

Independent Non-executive Directors

Mr Joel Arthur Schleicher
Mr Christopher Patrick Langley OBE
Mr Manfred Kuhlmann
Mr Peter David Sullivan

Financial Calendar 2011

June 30 : Six months interim period end
July 8 : Final dividend payment for 2010
August 18 : Announcement of 2011 interim results
September 14 : Last day to register for 2011 interim dividend
September : Book closure period for interim dividend
15 to 16
September 29 : Interim dividend payment for 2011
December 31 : Financial year end

Investor Relations Contact

Investor Relations and Communications
Techtronic Industries Co. Ltd.
24/F., CDW Building
388 Castle Peak Road
Tsuen Wan, N.T.
Hong Kong
email: ir@tti.com.hk

Website

www.ttigroup.com
Earnings results, annual/interim reports are available online.

List Information

The Stock Exchange of Hong Kong Limited
Ordinary Shares (stock code: 669)
ADR Level 1 Programme (symbol: TTNDY)

Share Registrar and Transfer Office

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong
Tel: (852) 2980 1888

ADR Depository

The Bank of New York

Principal Bankers

Bank of America, N.A.
Bank of China
Citic Bank International Limited
Hang Seng Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank

Solicitors

Vincent T K Cheung Yap & Co

Auditor

Deloitte Touche Tohmatsu

Company Secretary

Ms Veronica Ka Po Ng

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VAX® Mach Zen® Cylinder Vacuum



MILWAUKEE® M12™ Lithium ion Cordless Heated Jacket



RYOBI® 18 volt ONE+ System® Lithium ion Cordless Drill Driver



RYOBI® 24 volt Lithium ion Cordless String Trimmer



HOMELITE® Petrol Powered Pressure Washer



HOOVER® WindTunnel® T-Series™ Upright Bagless Vacuums



DIRT DEVIL® Power Reach Multi-Cyclonic Upright Vacuum



MILWAUKEE® Corded Small Angle Grinder



RYOBI® 18 volt ONE+ System® Lithium ion Cordless Hedge Trimmer

