TECHTRONIC INDUSTRIES COMPANY LIMITED
創 科 實 業 有 限 公 司
(Incorporated in Hong Kong with limited liability)

2002 INTERIM RESULTS ANNOUNCEMENT

Highlights

- Turnover	**+71.0%**
- Profit for the Period	**+77.8%**
- Earnings per Share - Basic	**+67.2%**
- Interim Dividend per Share	**+33.3%**

The directors ("Directors") of Techtronic Industries Company Limited ("the Company") are pleased to announce the unaudited condensed consolidated income statement of the Company, its subsidiaries and associated companies ("the Group") for the six months ended 30th June 2002 together with comparative figures for the corresponding previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2002

		2002	2001
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(as restated)
Turnover	*(3)*	**3,958,850**	2,315,629
Cost of sales		**(2,994,707)**	(1,824,114)
Gross profit		**964,143**	491,515
Other revenue		**38,508**	28,677
Selling and distribution expenses		**(269,562)**	(112,893)
Administrative expenses		**(461,853)**	(208,979)
Research and development costs		**(46,071)**	(43,319)
Profit from operations		**225,165**	155,001
Finance costs		**(37,548)**	(47,814)

Profit before share of results of associates and taxation		**187,617**	107,187
Share of results of associates		**(168)**	(280)
Profit before taxation		**187,449**	106,907
Taxation	*(4)*	**(14,920)**	(9,616)
Profit before minority interests		**172,529**	97,291
Minority interests		**(4,904)**	(2,991)
Profit for the period		**167,625**	94,300
Dividend		**(45,025)**	(33,679)
Profit for the period, retained		**122,600**	60,621
Earnings per share	*(5)*		
Basic		**28.01 cents**	16.75 cents
Diluted		**27.57 cents**	16.69 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June 2002

		30th June	31st December
		2002	2001
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**877,828**	678,629
Goodwill		**85,881**	83,815
Negative goodwill		**(25,321)**	(26,722)
Intangible assets		**5,823**	5,759
Interests in associates		**126,481**	108,366
Investments in securities		**60,489**	60,530
Deposit for acquisition of a subsidiary		**-**	148,200
Deferred tax asset		**25,856**	21,193
Other assets		**1,195**	1,195
		1,158,232	1,080,965
Current assets			

Inventories		**1,331,914**	799,975
Trade and other receivables		**1,132,176**	598,361
Deposits and prepayments		**279,170**	309,448
Bills receivable		**148,473**	331,431
Investments in securities		**7,239**	4,899
Trade receivable from an associate		**5,649**	2,511
Bank balance, deposits and cash		**1,212,300**	644,039
		4,116,921	2,690,664
Current liabilities			
Trade and other payables		**2,069,420**	1,732,582
Taxation payable		**2,920**	12,149
Dividend payable		**45,025**	-
Obligations under finance leases and hire purchase			
contracts - due within one year		**8,372**	10,263
Bank borrowings - due within one year		**746,626**	217,060
		2,872,363	1,972,054
Net current assets		**1,244,558**	718,610
Total assets less current liabilities		**2,402,790**	1,799,575
CAPITAL AND RESERVES			
Share capital	*(6)*	**128,863**	114,903
Reserves	*(7)*	**1,473,742**	988,471
		1,602,605	1,103,374
MINORITY INTERESTS		**14,881**	9,977
NON-CURRENT LIABILITIES			
Obligations under finance leases and hire purchase			
contracts - due after one year		**5,216**	8,721
Bank borrowings - due after one year		**779,940**	675,967
Deferred tax liabilities		**148**	1,536
		785,304	686,224
		2,402,790	1,799,575

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June 2002

1. SIGNIFICANT ACCOUNTING POLICIES

The interim report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim financial reporting ("SSAP 25") issued by the Hong Kong Society of Accountants.

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of the investments in Securities.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The principal accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants which are effective for accounting period commencing on or after 1st January 2002 and applicable to the Group:

SSAP 1 (revised) :	Presentation of financial statements
SSAP 15 (revised) :	Cash flow statements
SSAP 25 (revised) :	Interim financial reporting
SSAP 34 :	Employee benefits

The effect of adopting this new and revised accounting policies described above on the financial position of the Group at 30th June 2001 is insignificant. Disclosure and certain comparative figures have been modified accordingly.

3. SEGMENT INFORMATION

	For the six months ended 30th June			
			Contribution to results	
			from ordinary activities	
	Turnover		before taxation	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(as restated)

By principal activity:				
Manufacture and trading of				
Power and outdoor products	**3,140,168**	1,600,563	**182,696**	115,050
Floor care appliances products	**617,795**	524,789	**15,900**	17,254
Solar powered and electronic products	**123,755**	102,807	**21,910**	13,238
Other products	**77,132**	87,470	**4,659**	9,459
	3,958,850	2,315,629	**225,165**	155,001
Finance costs			**(37,548)**	(47,814)
Contribution from associates			**(168)**	(280)
Profit before taxation			**187,449**	106,907
By geographical market location:				
North America	**3,307,651**	1,963,013	**199,255**	131,702
Europe	**506,408**	250,800	**15,179**	10,694
Other countries	**144,791**	101,816	**10,731**	12,605
	3,958,850	2,315,629	**225,165**	155,001
Finance costs			**(37,548)**	(47,814)
Contribution from associates			**(168)**	(280)
Profit before taxation			**187,449**	106,907

4. TAXATION

	For the six months ended 30th June	
	2002	2001
	HK$'000	*HK$'000*
The total tax charge comprises:		
Hong Kong Profit Tax calculated at 16% of the		
estimated assessable profit of the period	**13,877**	9,000
Overseas taxation on profit for the period	**1,043**	616

	14,920	9,616

5. EARNINGS PER SHARE

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

	For the six months ended 30th June	
	2002	2001
	HK$'000	*HK$'000*
		(as restated)
Earnings for the purposes of basic and diluted earnings per shares:		
Profit for the period	**167,625**	94,300
Weighted average number of ordinary shares for the purposes of basic earnings per share	**598,395,714**	562,987,936
Effect of dilutive potential ordinary shares:		
Options	**9,583,121**	2,016,788
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**607,978,835**	565,004,724

6. SHARE CAPITAL

	Number of Shares		Share Capital	
	30th June	31st December	**30th June**	31st December
	2002	2001	**2002**	2001
			HK$'000	*HK$'000*
Ordinary shares of HK$0.20 each				
Authorised	**800,000,000**	800,000,000	**160,000**	160,000
Issued and fully paid:				
At 1st January	**574,516,826**	561,216,826	**114,903**	112,243
Issue of shares during the period	**69,800,000**	13,300,000	**13,960**	2,660
	644,316,826	574,516,826	**128,863**	114,903

The shares issued during the period rank pari passu in all respects with the existing shares.

7. RESERVES

	Share premium	Translation reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
At 1st January 2002	242,313	(5,244)	751,402	988,471
Net loss not recognised in the income statement				
Exchange differences on translation of				
overseas operations	-	(6,021)	-	(6,021)
Premium on shares issued	368,692	-	-	368,692
Profit for the period	-	-	167,625	167,625
Final dividend - 2001	-	-	(45,025)	(45,025)
At 30th June 2002	**611,005**	**(11,265)**	**874,002**	**1,473,742**

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK6.0 cents per share. Dividend warrants will be despatched on or about 30th September 2002 to persons who are registered shareholders of the Company on 20th September 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16th September 2002 to 20th September 2002, both days inclusive, during which period no transfer of shares will be effected.

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, Secretaries Limited at 5/F, Wing On Centre, 111 Connaught Road, Central, Hong Kong, not later than 4:00p.m. on 13th September 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Techtronic Industries (TTI) achieved a record profit of HK$168 million for the six months ended 30th June 2002 with an impressive growth of 77.8% as compared with the HK$94 million for the same period last year. Basic earnings per share grew 67.2% to HK28.01 cents from HK16.75 cents in the comparable 2001 period. Turnover increased by 71.0% over the first half of 2001 to HK$3,959 million.

This significant growth was due to strong order flows in the core power tools, floor care appliances, solar-powered and electronic products businesses. The European and Australasian Ryobi and Homelite businesses acquired in the second half of 2001 and the first half of 2002 also contributed to the robust turnover and profit increases. These acquisitions are strategic components to the Group's transition into a global Own Brand Manufacturer (OBM). TTI achieved turnover and profit growth in all geographic markets and business segments.

The Group's strong performance in a challenging economic period were achieved by increasing demand for it's recognized brands with effective advertising and promotion activities, and providing the customer with a value-positioned product range. These elements, plus a strategy to work closely with volume customers in the home-improvement and related industries have driven TTI to outperform the market and deliver 68.5% turnover growth in North America, representing 83.5% of our Group business.

In addition to the strong gains made in North America, sales to Europe increased by 101.9%, and sales to other countries, including Australasia, were up 42.2%. The Ryobi acquisitions are providing an infrastructure in Europe and Australasia that will be the foundation for the Group's future market penetration in these markets.

The acquisition of the Homelite adds a leading brand to the portfolio and expands the Group's presence in the outdoor products category. The outlook is exciting for Homelite as the first six months of ownership delivered better than expected results and has positioned TTI solidly in the outdoor tools category, which has similar potential as power tools for the Group.

BUSINESS REVIEW

Power and Outdoor Products Division

The Power and Outdoor Products Division, which includes the Homelite business, delivered an aggressive 96.2% growth over the corresponding period last year, to HK$3,140 million, representing 79.4% of the Group turnover.

Turnover of Ryobi power tools posted an impressive growth of over 100% for the first half. The investments in brand promotion and marketing campaigns have improved the Ryobi brand awareness and created strong demand from the market. The quality of the Ryobi product, combined with its value-price positioning, has allowed the Group to increase comparative turnover and improve profitability. The original design manufacturing (ODM) and original equipment manufacturing (OEM) businesses also remain healthy growth.

Performance of outdoor products in the first six-month period was ahead of plan. Homelite integration with Ryobi is delivering logistics leverage and streamlining distribution and marketing programs. Additionally, the Group's Ryobi outdoor products are benefiting from the Homelite product technologies and production capabilities. The expansion of the outdoor products business also helps to offset the seasonal factors inherent in the power tools industry providing a more even level of orders, in turn strengthening the consistency of the revenue stream and benefiting the supply chain.

Floor Care Appliances Division

The Floor Care Appliances Division recorded a 17.7% gain in turnover to HK$617.8 million, which accounted for 15.6% of the Group's turnover in the first half. The growth was driven by new product introductions and from demand-generating retail price adjustments by our OEM customers in North America. Product development programs remain vibrant with a growing OEM customer base. In the United Kingdom, a successful promotion with a major retailer dramatically increased consumer demand and demonstrated the strength of the Vax brand. New product initiatives that will expand the Vax product range are underway.

Solar Powered and Electronic Products Division

The Solar Powered and Electronic Product Division, which features products such as solar powered lighting, electronic and laser measuring devices, and electronic health care products also posted strong turnover, increasing by 20.4% to HK$123.8 million, which represented 3.1% of the Group turnover. Divisional profits rose during the period as a result of a disciplined and focused product-development program targeted at high value-added items, the launching of a new range of products, and a strict overhead control and pricing policy.

OPERATIONS

TTI continues its efforts to add value throughout the supply chain by integrating with customer's inventory and purchase systems, and implementing tight cost controls. The Group has aggressively leveraged its purchasing power, moved to capitalize on manufacturing synergies, and systematically implemented continuous improvement programs to upgrade quality and eliminate waste. As a result, gross margins improved in the first half of 2002 and gross profit increased 96.2% to HK$964.1 million as compared to HK$491.5 million in the first half of last year.

To facilitate the increasing business in bench power tools, the Group continues its in-house expansion and has formed a new joint venture with a bench tool manufacturer in the Peoples Republic of China. The joint venture allows TTI to acquire immediate production capacity and technology know-how on bench tools with very low capital expenditure, further strengthening market-leadership in the bench and stationary tools category.

TTI will invest in a combustion engine plant in the Peoples Republic of China to add capacity and further improve cost competitiveness. The plant will supply combustion engines and finished goods for the Group's Homelite and Ryobi outdoor products, plus potential opportunities with ODM and OEM customers. The capital investment is approximately HK$156 million (US$ 20 million) and will be financed by the proceeds from the share placements on 28th April 2002. The majority of outdoor products production will be close to the largest market in North America, keeping the time-to-market and logistic costs at a minimum.

OUTLOOK

With customer orders secured for the third and fourth quarters, the outlook for the second half of 2002 is bullish and the Group is confident there will be a continuation of the first half-year, high-growth performance. The robust turnover growth will be driven by innovative new products, an expanding product mix, a bright outlook for the outdoor products brands, and further penetration of the Ryobi market presence in North America, Europe and Australasia.

The healthy performance reflected in the first half results is evidence of the soundness and execution of our business strategy. Looking ahead, TTI will continue to invest in brand building, customer-focused product development and cost improvement, which will drive the business forward despite the economic uncertainty.

FINANCIAL REVIEW

Acquisitions and Investment

As a further step to the Group's global brand building strategy, in November 2001, TTI entered into an agreement with the Deere & Co. Group to acquire its Homelite brand of consumer outdoor products, including a manufacturing plant in Mexico. In March 2002, the Group acquired two power-tools companies in Australasia from Ryobi Limited, together with the perpetual right of the "Ryobi" brand name in Australia and New Zealand. In July 2002, TTI's 40.8% associate company, Gimelli Laboratories Company Limited ("Gimelli") arranged an 18.8% investment in a German brand name company, Medisana AG, at a consideration of Euro1.98 million based on the share price at the transaction date and its net book value. Medisana is a health-care product distributor and manufacturer listed on the Frankfurt Stock Exchange. Such strategic alliance allows Gimelli to capitalize on the Medisana brand name and its sales channels across Europe to further expand its OEM health-care business.

Placing of New Shares

On 28th April 2002, the Group announced the placing of 60 million new shares to independent professionals and investors at the price of HK$6.275 per share. The net proceed of the placement was approximately HK$367 million. The new shares issued represented approximately 10.3% of the Group's issued share capital immediately before the placing and approximately 9.34% of the enlarged issued share capital. The placing provided the Group with sufficient funding and strengthened the financial position to enable the Group to aggressively expand its global branding strategy.

Result Analysis

Strong core business growth together with successful acquisitions of the Ryobi and Homelite businesses, resulted in a turnover growth of 71% and net profit up 77.8%, as compared to 2001 first half. During the period under review, Group operating expenses also increased. Such increase was mainly due to the inclusion of expenses from operations acquired during second half of last year and beginning of current year. The Group is implementing various cost rationalization programs to improve the cost efficiencies.

New product development and marketing remain as the key growth drive of the Group's business. For the six months ended 30th June 2002, the Group spent approximately HK$46 million in research and development, representing 1.2% of the Group's turnover, as compared to HK$43 million last year, which represented 1.9% of the Group's turnover. The Group invested about 2.2% of the Group's turnover (HK$88.1 million) on marketing and advertising to promote our brands and products, as compared to 1.2% (HK$28.6 million) in the first half of 2001.

Cash Flow

Increase in cash and cash equivalents for the six months period amounted to HK$527.7 million.

As a result of the various acquisitions and increase in sales, amount of inventory and trade and other receivables increased accordingly. Inventory level is usually higher in the first half year in preparation for the peak shipment season in the second half year. Comparing with the same period last year, number of days inventory turnover improved from 65 days to less than 60 days, number of days receivable improved by over 20 days.

FINANCIAL RESOURCES

Total shareholders' fund increased to HK$1.6 billion as compared to HK$1.1 billion as of 31st December 2001. The improvements mainly due to the share placement during the period and profit retained for the first half year. Despite the increased number of shares in issue, total net tangible asset per share was at HK$2.38 per share as compared to HK$1.81 per share as at 31st December 2001.

Total bank borrowings amount to HK$1.53 billion, represented an increase of $637 million as compared to 31st December 2001 balance of HK$893 million. Borrowings are normally higher in the first half year in preparation for the peak production period commencing from third quarter of the year, together with the financing arrangements for the Homelite acquisition and certain loan portfolio taken over from acquisitions during the period. Bank balances, deposits and cash, however also increased by $568 million during the period under review.

The Group's trading activities and borrowings are mainly denominated in United States Dollars and Hong Kong Dollars, and carry interest rates with reference to US or HK best leading rates. The Group is actively evaluating various financial instruments on both interest rates and currency exposures to capitalize on current low interest rate level and favorable currency fluctuations.

Gearing ratio as at 30th June 2002, expressed as a percentage of Total Net Bank Borrowings to Total Tangible Net Worth improved to 21.3%, as compared with 54.9% as at 31st December 2001.

Interest coverage, expressed as a multiple of profit before interest and taxation to total net interest expenses was at 6.38 times, as compared to 3.55 times for the same period last year and 4.46 times for the full year ending 31st December 2001.

Capital expenditure for the period, apart from various acquisitions, amount to HK$124 million and be matched by depreciation for the period of HK$128 million.

The Group believes that it has a very healthy financial position and is in a very competitive position to obtain financing on favorable terms should opportunities requiring additional working capital or financing arise.

PURCHASE, SALES OR REDEMPTION OF SHARES

There has been no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30th June 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not for any part of the period, in compliance with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing

Rules.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The financial information required to be disclosed under paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Horst Julius Pudwill
Chairman and Chief Executive Officer

Hong Kong, 8th August 2002