



TTI Delivers Record First Half Results

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Double Digit Growth by Power Equipment Brands

Results Highlights

(HK\$m)	<i>For the six months period ended 30th June</i>		
	<u>2006</u>	<u>2005</u>	<u>Changes (%)</u>
Turnover	10,737	10,217	5.1
EBITDA	1,010	939	7.6
Profit attributable to equity holders of the parent	504	456	10.4
Basic EPS (HK cents)	34.40	33.65	2.2
Interim DPS (HK cents)	6.50	6.00	8.3
EBITDA margin (%)	9.4	9.2	
Net profit margin (%)	4.7	4.5	

(HONG KONG, 22nd August, 2006) – **Techtronic Industries Co. Ltd.** (“TTI” / The Group) (stock code: 669, ADR symbol: TTNDY) today reported profit attributable to equity holders of the parent of HK\$504 million for the six months ended 30th June 2006, representing 10.4% growth over the same period last year. Total Group turnover grew 5.1% to HK\$10,737 million, led by the robust performance of the Power Equipment Products. Basic earnings per share increased 2.2% to HK34.40 cents (2005: HK33.65 cents). The Directors have recommended an interim dividend of HK6.50cents.

Mr. Horst Julius Pudwill, Chairman and CEO of TTI said, “The Group’s leading brands continued to drive growth, contributing to the solid performance in the first six months of 2006. TTI remains committed to being first in innovation and we have produced new innovative products that fueled the growth of our businesses during the period. Our key strategy of matching a passion of innovation with efficiency improvements helped offset material price pressures and provided the operational agility to drive improved profitability.”

Mr. Pudwill adds, “We expand our global distribution and reach, we positively shift our business base, reducing reliance on any one market for sustainability and growth, while ensuring enhanced performance to all served customers and markets. There are tremendous opportunities going forward and, most importantly, we are ready to perform. We are confident of being able to deliver a strong performance in the second half of 2006.”

Review by operation

Power Equipment Products

The Power Equipment Products division delivered robust turnover growth of 11.0% over the same period of 2005 to HK\$8,756 million, accounting for 81.6% of Group turnover.

In power tools, Milwaukee® contributed excellent growth in the United States and in Europe with the V28™ lithium-ion battery line of power tools, capturing additional market share. AEG delivered positive gains in turnover growth and profitability through operational improvements and a new range of cordless tools.

As for the consumer line, the Ryobi® branded One+ System™ expanded its 18V cordless platform in both North America and Europe. The Group also extended its strategic alliance with Sears Holdings to develop and manufacture Craftsman® line of products to 2010.

In outdoor power equipment, the Group has expanded its product range with the addition of high-pressure washer, trimmer/edger combos. We continued to drive improvements in our manufacturing operations and maintained excellent fill rates to our customers during the high seasonal period.

Floor Care Appliances

Turnover in the Floor Care Appliances division decreased 8.0% over the same period of 2005, to HK\$1,822 million, accounting for 17.0% of Group turnover. The anticipated transition of the OEM business continues through 2006, which is a result of the Group's strategy to increase its branded business. The OEM sales trend will reverse in 2007 on the back of several new OEM partnerships and the expansion of our partnership with Sears to produce the Kenmore® line of upright vacuum cleaners, that will positively impact 2007 and beyond.

During the first half, Dirt Devil® branded products gained or held share in their key product categories and importantly, increased average selling prices. This was accomplished with the introduction of a range of new products that gained broad distribution and was supported by consumer advertising campaign. The Vax® line of floor care products consolidated its number two position in the UK delivering robust top line and market share growth in a contracting market. Dirt Devil® and Vax® will continue to deliver a steady flow of innovative products that meet consumer needs.

Laser and Electronic Products

Turnover for the Laser and Electronic Products division declined 54.4% over the same period of 2005 to HK\$159 million, accounting for 1.5% of Group turnover. We were still seeing a slowdown in the laser measurement and solar light markets due to increased market saturation. Ongoing new development projects for our ODM customers and the Group's brands should positively impact 2007. We expect the laser level business to return to a more normal ordering pattern after 2006.

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

Investor Presentation Broadcasting

Available at www.ttigroup.com from 10:00 pm, 22nd August, 2006 (HK Time) for a month.

About TTI

Founded in 1985, TTI is a world-class supplier of superior home improvement and construction tools with a powerful portfolio of trusted brands and a strong commitment to innovation and quality. The portfolio that TTI offers includes a full line of power equipment products, floor care appliances, laser and electronic products. Our brands include Milwaukee®, AEG® and Ryobi® power tools and accessories, Ryobi® and Homelite® outdoor power equipment and Royal®, Dirt Devil®, Regina® and Vax® floor care appliances.

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

Trademarks:

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

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

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

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RESULTS SUMMARY

CONDENSED INCOME STATEMENT (UNAUDITED)

For the six months period ended 30th June, 2006

	2006 HK\$'000	2005 HK\$'000	2006 US\$'000	2005 US\$'000
Turnover	10,736,950	10,217,328	1,376,532	1,309,914
Cost of sales	(7,376,562)	(7,045,245)	(945,713)	(903,235)
Gross profit	3,360,388	3,172,083	430,819	406,679
Other income	17,253	15,092	2,212	1,935
Interest income	42,310	22,692	5,424	2,909
Selling, distribution, advertising and warranty expenses	(1,195,151)	(1,008,271)	(153,224)	(129,265)
Administrative expenses	(1,234,575)	(1,226,291)	(158,279)	(157,220)
Research and development costs	(223,086)	(251,880)	(28,601)	(32,292)
Finance costs	(182,491)	(149,734)	(23,396)	(19,197)
Profit before share of results of associates and taxation	584,648	573,691	74,955	73,549
Share of results of associates	(1,149)	(2,999)	(147)	(384)
Profit before taxation	583,499	570,692	74,808	73,165
Taxation	(76,591)	(93,741)	(9,819)	(12,018)
Profit for the period	506,908	476,951	64,989	61,147
Attributable to:				
Equity holders of the parent	503,630	456,362	64,569	58,507
Minority interests	3,278	20,589	420	2,640
	506,908	476,951	64,989	61,147
Dividends paid	(184,609)	(169,651)	(23,668)	(21,750)
Earnings per share (HK / US cents)				
Basic	34.33	33.65	4.40	4.31
Diluted	32.88	31.89	4.22	4.09

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2006

	30th June 2006 HK\$'000 (Unaudited)	31st December 2005 HK\$'000 (Audited)	30th June 2006 US\$'000	31st December 2005 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,767,867	1,755,025	226,650	225,003
Lease prepayment	65,790	65,829	8,435	8,440
Goodwill	4,016,648	3,943,935	514,955	505,633
Intangible assets	1,527,710	1,461,453	195,860	187,366
Interests in associates	219,972	189,453	28,202	24,289
Available-for-sale investments	13,363	13,363	1,713	1,713
Deferred tax assets	696,382	646,758	89,280	82,918
Other assets	2,195	2,195	281	281
	8,309,927	8,078,011	1,065,376	1,035,643
Current assets				
Inventories	4,196,112	3,971,216	537,963	509,130
Trade and other receivables	3,303,328	3,265,355	423,504	418,635
Deposits and prepayments	609,461	513,062	78,136	65,777
Bills receivable	318,558	431,121	40,841	55,272
Tax recoverable	92,035	68,544	11,799	8,788
Trade receivables from associates	34,609	1,310	4,437	168
Bank balances, deposits and cash	3,268,036	4,046,122	418,979	518,734
	11,822,139	12,296,730	1,515,659	1,576,504
Current liabilities				
Trade, bills and other payables	3,365,014	4,141,663	431,412	530,982
Warranty provision	298,083	338,211	38,216	43,360
Trade payable to an associate	7,416	21,946	951	2,814
Tax payable	165,883	116,624	21,267	14,952
Dividend payable	184,609	-	23,668	-
Obligations under finance leases - due within one year	16,301	18,107	2,090	2,321
Discounted bills with recourse	1,925,481	2,101,171	246,857	269,381
Unsecured borrowings - due within one year	611,133	673,277	78,350	86,317
	6,573,920	7,410,999	842,811	950,127
Net current assets	5,248,219	4,885,731	672,848	626,377
Total assets less current liabilities	13,558,146	12,963,742	1,738,224	1,662,020

CONDENSED CONSOLIDATED BALANCE SHEET – cont'd

As at 30th June, 2006

	30th June 2006 HK\$'000 (Unaudited)	31st December 2005 HK\$'000 (Audited)	30th June 2006 US\$'000	31st December 2005 US\$'000
CAPITAL AND RESERVES				
Share capital	146,515	146,172	18,784	18,740
Reserves	6,356,620	5,966,167	814,951	764,895
Equity attributable to equity holders of the parent	6,503,135	6,112,339	833,735	783,635
Minority interests	77,446	120,670	9,929	15,471
Total equity	6,580,581	6,233,009	843,664	799,106
NON-CURRENT LIABILITIES				
Obligations under finance leases - due after one year	128,374	125,467	16,458	16,086
Convertible bonds	1,091,950	1,078,307	139,994	138,244
Unsecured borrowings - due after one year	4,453,003	4,225,411	570,898	541,719
Retirement benefit obligations	793,434	786,337	101,722	100,812
Deferred tax liabilities	510,804	515,211	65,488	66,053
	6,977,565	6,730,733	894,560	862,914
	13,558,146	12,963,742	1,738,224	1,662,020

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